

**COPY**

**The Center for**  
**ENT, Laser &**  
**Cosmetic**  
**Surgery, LLC**

**CN1210-054**



2012 OCT 15 PM 3:02

**CERTIFICATE OF NEED  
APPLICATION**

**For**

**The Addition of Orthopedics and Podiatry Surgery**

**by**

**The Center for ENT, Laser & Cosmetic Surgery, L.L.C.  
310 Colloredo Blvd., Suite B  
Shelbyville (Bedford County), TN 37160**

**STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY  
500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
615/741-2364**

**FILING DATE: October 15, 2012**

## **SECTION A: APPLICANT PROFILE**

### **1. Name of Facility, Agency or Institution**

The Center for ENT, Laser & Cosmetic Surgery, LLC

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Name

310 Colloredo Blvd., Suite B

Bedford

Street or Route

County

Shelbyville,

TN

37160

City

State

Zip Code

### **2. Contact Person Available for Responses to Questions**

E. Graham Baker, Jr.

Attorney

Name

Title

Weeks and Anderson

graham@grahambaker.net

Company Name

e-mail address

2021 Richard Jones Road, Suite 350

Nashville,

TN

37215

Street or Route

City

State

Zip Code

Attorney

615/370-3380

615/221-0080

Association with Owner

Phone Number

Fax Number

### **3. Owner of the Facility, Agency, or Institution**

The Center for ENT, Laser & Cosmetic Surgery, LLC

(931) 684-3504

Name

Phone Number

310 Colloredo Blvd., Suite B

Bedford

Street or Route

County

Shelbyville,

TN

37160

City

State

Zip Code

### **4. Type of Ownership of Control (Check One)**

A. Sole Proprietorship

\_\_\_\_\_

F. Governmental (State of Tenn.  
or Political Subdivision)

\_\_\_\_\_

B. Partnership

\_\_\_\_\_

G. Joint Venture

\_\_\_\_\_

C. Limited Partnership

\_\_\_\_\_

H. Limited Liability Company

  X  

D. Corporation (For-Profit)

\_\_\_\_\_

I. Other (Specify)

\_\_\_\_\_

E. Corporation (Not-for-Profit)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS. See Attachment A.4.**

## **SECTION A:**

### **APPLICANT PROFILE**

**Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.**

***Section A, Item 1: Facility Name must be applicant facility's name and address must be the site of the proposed project.***

**Response:** The Center for ENT, Laser & Cosmetic Surgery, LLC ("Applicant"), 310 Colloredo Blvd., Suite B, Shelbyville (Bedford County), Tennessee 37160, owned and managed by itself, files this application for a Certificate of need for the addition of orthopedics and podiatry surgery services to its existing ASTC.

***Section A, Item 3: Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.***

**Response:** The requested documents for the Applicant are included in the application as *Attachment A.4*. Note that when the Articles of Organization were originally filed, the name of the Applicant was Shelbyville Surgery Center, Inc. The name was changed on September 10, 1999 to The Center for ENT, Laser & Cosmetic Surgery, LLC.

Dr. Dominic Canonico is the sole equity member of the company.

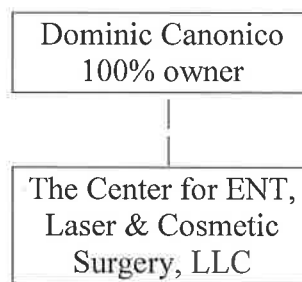


***Section A, Item 4: Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.***

**Response:** The Center for ENT, Laser & Cosmetic Surgery, LLC (“Applicant”), 310 Colloredo Blvd., Suite B, Shelbyville (Bedford County), Tennessee 37160, owned and managed by itself, files this application for a Certificate of need for the addition of orthopedics and podiatry surgery services to its existing ASTC.

Dr. Dominic Canonico is the sole equity member of the company.

See the following organizational chart:



*Section A, Item 5: For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract*

*Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.*

**Response:** The facility has no outside management.

*Section A, Item 6: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.*

**Response:** The Applicant leases the real estate from the Domenic Michael Canonico Family Limited Partnership. Please see *Attachment A.6*. The lease began on January 1, 2005 for seven (7) years, but the Lessee has exercised an additional seven (7) year extension as called for in paragraph 3 of the Lease Agreement. The ASTC continues to operate at this site. The site is approximately 1.04 Acres.

The Domenic Michael Canonico Family Limited Partnership is 100% owned by Domenic Michael Canonico. Please see *Attachment A.6.1*, which is a copy of the deed to the property.

**5. Name of Management/Operating Entity (If Applicable)**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Street or Route

\_\_\_\_\_  
County

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS. Not Applicable**

**6. Legal Interest in the Site of the Institution (Check One)**

- |                            |          |                    |       |
|----------------------------|----------|--------------------|-------|
| A. Ownership               | _____    | D. Option to Lease | _____ |
| B. Option to Purchase      | _____    | E. Other (Specify) | _____ |
| C. Lease of <u>7</u> Years | <u>X</u> |                    | _____ |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS. See Attachments A.6 and A.6.1.**

**7. Type of Institution (Check as appropriate--more than one response may apply.)**

- |  |          |  |       |
|--|----------|--|-------|
| A. Hospital  | _____    | I. Nursing Home                              | _____ |
| B. Ambulatory Surgical Treatment Center (Multi-Specialty)          | _____    | J. Outpatient Diagnostic Center              | _____ |
| C. ASTC  | <u>X</u> | K. Recuperation Center                       | _____ |
| D. Home Health Agency  | _____    | L. Rehabilitation Facility                   | _____ |
| E. Hospice   | _____    | M. Residential Hospice                       | _____ |
| F. Mental Health Hospital  | _____    | N. Non-Residential Methadone Facility        | _____ |
| G. Mental Health Residential Treatment Facility                    | _____    | O. Birthing Center                           | _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____    | P. Other Outpatient Facility (Specify) _____ | _____ |
|  |          | Q. Other (Specify) _____                     | _____ |

**8. Purpose of Review (Check as appropriate--more than one response may apply.)**

- |  |          |  |       |
|--|----------|--|-------|
| A. New Institution   | _____    | H. Change In Bed Complement (Please note the type of change by underlining the appropriate response: Increase, Decrease Designation, Distribution, Conversion, Relocation) | _____ |
| B. Replacement/Existing Facility                                       | _____    | I. Change of Location  | _____ |
| C. Modification/Existing Facility                                      | <u>X</u> | J. Other (Specify) _____   | _____ |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) | _____    |  | _____ |
| E. Specify _____   | _____    |  | _____ |
| F. Discontinuance of OB Services                                       | _____    |  | _____ |
| G. Acquisition of Equipment  | _____    |  | _____ |

*Note: The "Modification" is to add 2 surgery services to this existing ASTC.*

9. **Bed Complement Data**

**Please indicate current and proposed distribution and certification of facility beds.**

**Response:** Not Applicable.

	<u>Current Beds</u>		<u>Staffed</u>	<u>Beds</u>	<u>TOTAL</u>
	<u>Licensed</u>	<u>CON*</u>	<u>Beds</u>	<u>Proposed</u>	<u>Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually-certified)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child & Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____

\*CON Beds approved but not yet in service

10. Medicare Provider Number 3288771  
Certification Type ASTC

11. Medicaid Provider Number 3288771  
Certification Type ASTC

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

**Response:** This is an existing facility, and both Medicare and Medicaid patients are currently served and will continue to be served.

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract. Discuss any out-of-network relationships in place with MCOs/BHOs in the area.*

**Response:** The Applicant currently contracts with AmeriGroup, UHC Community Plan, Blue Care, TennCare Select, and Cover Kids. The approval of this application will not result in any changes.

**NOTE:** *Section B is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. Section C addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.*

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

**I.** Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

**Response:** The Center for ENT, Laser & Cosmetic Surgery, LLC ("Applicant"), 310 Colloredo Blvd., Suite B, Shelbyville (Bedford County), Tennessee 37160, owned and managed by itself, files this application for the addition of orthopedic and podiatry surgery. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients, and the Applicant will continue to be licensed by the Tennessee Department of Health. The estimated project cost is anticipated to be approximately \$90,000.00, not including filing fee.

This existing ASTC, the only one in Bedford County, is already approved for and has two (2) operating rooms, and these rooms will continue to be sufficient for the addition of orthopedics and podiatry surgery services. Plot Plan and footprints are included as *Attachments B.III.A. and B.IV.* The Applicant is Medicare and Medicaid accredited, and is also accredited by the Accreditation Association for Ambulatory Health Care, Inc.

The primary service area of the existing ASTC includes Bedford, Coffee and Lincoln Counties (77% of total patient origin). This proposed service area will not change. As reported on Joint Annual Reports for existing ASTCs in the primary service area, ASTCs in our service area performed 10,691 procedures in 2011, and hospitals performed 11,821 outpatient procedures in 2011 (see charts later in this application).

Funding for the project will be through cash reserves of the owner. This project is financially feasible, and compares very favorably to recent ASTC applications that have been filed with the HSDA. The Project Costs Chart indicates only \$90,000.00 to implement this project, \$50,000 of which have either already been paid or are soft costs (administrative costs in preparing the CON application). Only \$40,000.00 will be needed for equipment. A chart prepared by the HSDA and provided later in this application indicates that the median construction cost per ASTC for renovation/construction median was \$100.47/GSF for renovation, \$252.74/GSF for new construction. However, those computations are not believed to be applicable, since there will be no construction or renovation involved with this project, which simply adds two surgical services to an existing ASTC.

The ASTC's current and proposed payor mix is as follows: Medicaid, 55%; Commercial Insurance, 34%, Medicare, 9%; Self Pay, 1%, and Worker's Comp, 1%. The anticipated payor mix will be: Medicaid, 44%, Commercial Insurance, 39%, Medicare, 16%, Self Pay, 0.5%; and Worker's Comp, 0.5%.

We currently have sufficient staff to implement this project. Our additional staffing requirements will be less than one-half FTE for each of the following: RN, Scrub Tech, and Billing/Translator. In effect, our existing staff will suffice, but part-time employees will be working more hours.

The site is close to the center of Shelbyville, Bedford County, and is readily accessible to our patients and their families. Further, many of our patients speak Spanish only, and we employ one full time and one part time interpreter in order to better serve those patients.

The current physician owner, and other physicians who plan to utilize this ASTC if this application is approved, will continue to utilize inpatient facilities for all patients whose respective surgeries warrant such.

**II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.**

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.**

**If the project involves none of the above, describe the development of the proposal.**

**Response:** The Applicant is an existing ASTC in Shelbyville. It was originally approved (over the objection of the local hospital) on January 26, 2000 (CN9910-088A) as a single operating room (OR) outpatient surgical facility to provide only ENT, Laser and Cosmetic Surgery. Space was also approved for hearing tests/monitoring. The local hospital requested a contested case hearing on that initial application, but ultimately failed to pursue the case. The ASTC, originally approved to be adjacent to the owner's medical practice, was constructed adjacent to and immediately behind the owner's MOB as opposed to beside the MOB (due to physical constraints involving property lines). The first application was modified to allow its positioning behind the MOB, where it continues to function to this day.

Years later, the Applicant was again approved (over the objection of the local hospital) on June 22, 2005 to add a second OR and become a multi-specialty ASTC by the removal of surgical limitations on the ASTC (CN0503-022A). However, the local hospital again requested a contested case hearing on the second application, and after almost three years following approval of the application, the Applicant compromised with the local hospital to add the second OR (by converting the hearing tests room) and add ophthalmology to its list of approved surgical procedures, in exchange for dropping its approval to become a multi-specialty ASTC.

Over the ensuing years, the local hospital was sold to a chain, and a new hospital was constructed several miles from downtown Shelbyville on State Highway 231 toward Murfreesboro and across the highway from the county airport. The site of the new hospital is very accessible to the facility's corporate owner and its representatives as they fly in to the facility, but not so accessible to our patients in Bedford County who do not live close to Murfreesboro, nor is the hospital readily accessible to our patients from outside Bedford County. In addition, surgery scheduling at the hospital continues to be a problem for area surgeons, especially for outpatient procedures, and the Applicant has continually been asked to obtain approval to conduct additional surgical procedures at our site in downtown Shelbyville. The Applicant proposes to add only orthopedic and podiatry surgery, which can be accomplished by the addition of a used C-Arm which will cost only \$40,000, to be paid by cash reserves. The other administrative costs of this project have already been paid. There are no construction or renovation costs with this project.



The approval of this project will enhance the surgical care of patients in our service area. The addition of orthopedic and podiatry surgery services is needed, can be accomplished in a most cost-efficient manner, and will contribute to the orderly development of health care in the service area.

**B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

**Response:** Not applicable.

**C. As the applicant, describe your need to provide the following health care services (if applicable to this application):**

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1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**Response:** N/A, as no new services will be provided.

**D. Describe the need to change location or replace an existing facility.**

**Response:** N/A.

**E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:**

**1. For fixed-site major medical equipment (not replacing existing equipment):**

**a. Describe the new equipment, including:**

- 1. Total cost; (As defined by Agency Rule).**
- 2. Expected useful life;**
- 3. List of clinical applications to be provided; and**
- 4. Documentation of FDA approval.**

**b. Provide current and proposed schedules of operations.**

**Response: N/A.**

**2. For mobile major medical equipment:**

- a. List all sites that will be served;**
- b. Provide current and/or proposed schedule of operations;**
- c. Provide the lease or contract cost.**
- d. Provide the fair market value of the equipment; and**
- e. List the owner for the equipment.**

**Response: N/A.**

**3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.**

**Response: N/A.**

**III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:**

- 1. Size of site (*in acres*)**
- 2. Location of structure on the site; and**
- 3. Location of the proposed construction.**
- 4. Names of streets, roads or highway that cross or border the site.**

*Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.*

**Response:**

1. The site is approximately 1.04 Acres. Please see attached plot plan (*Attachment B.III.A*).
2. Please see *Attachment B.III*. This attachment indicates the location of the existing facility. Please note that Dr. Canonico is the sole owner of the Applicant. His medical practice is located in the building closest to the street, and the existing ASTC is located in the building behind the medical practice, just to the left of the parking turnaround.
3. There is no proposed construction.
4. The site is located on Colloredo Blvd in Shelbyville, and is readily accessible to patients and their families.

**(B) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

**Response:** The Center is located on Colloredo Boulevard, which is a major 4 lane bypass around the business district of Shelbyville. The Center is readily accessible, although there is little public transportation in this relatively small city. A convenience to patients is the fact that the ASTC is connected to the clinic and medical practice of Dr. Canonico, so the Center is very accessible.

In addition, Highway 41A between Shelbyville and Tullahoma is being improved to four lanes, which will improve road access to the ASTC from southeastern counties.

**IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.**

**NOTE: DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**Response:** Please see *Attachment B.IV* for a footprint of the existing 4,041 GSF facility.

**V. For a Home Health Agency or Hospice, identify:**

- 1. Existing service area by County;**
- 2. Proposed service area by County;**
- 3. A parent or primary service provider;**
- 4. Existing branches; and**
- 5. Proposed branches.**

**Response:** N/A.

## **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care.” The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2” x 11” white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate “Not Applicable (NA).”

### **QUESTIONS**

#### **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee’s Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

**Response:** Please see *Attachment Specific Criteria*.

The State Health Plan lists the following Five Principles for Achieving Better Health, and are based on the Division's enacting legislation:

1. **The purpose of the State Health Plan is to improve the health of Tennesseans;**

The Applicant has been providing patients with outpatient surgical services for over a decade, and continues to this day. The operational success of the ASTC is testament to the fact that the facility is needed for the health of patients in the service area who need outpatient surgery. The Applicant’s goals are consistent with the State Health Plan, and this ASTC will continue to improve the health of Tennesseans.

2. **Every citizen should have reasonable access to health care;**

The Applicant accepts all patients who present for care, irrespective of their ability to pay. There is a fairly large Latino population in Bedford County – over twice the State average. The Applicant has provided interpreters for many years at its own cost to ensure that Spanish-speaking patients receive the finest health care possible.

- 3. The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system;**

The development of services by the Applicant has always been the result of attempts to meet the needs of Tennesseans in its service area. In today's competitive market, patients are drawn to the best quality at the most affordable cost. The Applicant maintains its competitiveness by providing quality health care at an affordable cost, and did not oppose the construction of the new hospital in Shelbyville several years ago even though the location of the new hospital was less accessible to many citizens of Bedford County. This project will result in continued development of the state's health care system by improving access of outpatient surgical services to patients in our service area.

- 4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers; and**

Tennessee is fortunate to have an excellent licensing division of the Department of Health. The Board of Licensing Health Care Facilities provides standards for and monitoring of licensed health care providers. This Applicant is fully licensed by the Department of Health and had no deficiencies in its last licensure survey (attached later to this application).

- 5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.**

The Applicant is committed to providing safe working conditions and continuing education for its staff.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).**

**Response:** N/A.



2. **Describe the relationship of this project to the applicant facility's long-range development plans, if any.**

**Response:** The Applicant has no long range development plans, other than to continue to provide affordable and quality health care to service area residents.

3. **Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**Response:** Our primary service area consists of Bedford, Coffee and Lincoln Counties, which three counties totaled 77% of our existing patients in 2011. Our proposed service area will not change, indicating the reasonableness of the service area. Please see patient origin chart below:

**Applicant's Patient Origin -- 2011**

<b>County</b>	<b>% of Pts.</b>
Bedford	39.0
Coffee	22.0
Franklin	7.0
Giles	0.5
Grundy	1.0
Lincoln	16.0
Marshall	11.0
Maury	0.5
Moore	0.5
Rutherford	2.0
Warren	0.5
<b>Total</b>	<b>100.0</b>

Please see *Attachment C.Need.3* for a map of the primary service area.

4. A. Describe the demographics of the population to be served by this proposal.

**Response:** Bedford, Coffee and Lincoln Counties make up our primary service area. Please note sample population characteristics of the primary service area, as follows:

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**Population Estimates for Primary Service Area and State of Tennessee**

State/County	2012 Pop.	2014 Pop.	2012–2014 Change
Bedford	48,083	49,718	3.4%
Coffee	54,707	55,790	2.0%
Lincoln	34,084	34,548	1.4%
Service Area	136,874	140,056	2.3%
Tennessee	6,361,070	6,470,546	1.7%

*Source: Population Estimates and Projections, Tennessee Counties and the State, 2010-2020, Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health.*

**Population 65+ for Primary Service Area and State of Tennessee**

State/County	2012 Pop. 65+	2014 Pop. 65+	2012 Pop. % 65+	2014 Pop. % 65+	2012-2014 Change
Bedford	5,657	5,970	11.8%	12.0%	5.5%
Coffee	8,870	9,283	16.2%	16.6%	4.7%
Lincoln	5,733	5,994	16.8%	17.3%	4.6%
Service Area	20,260	21,247	14.8%	15.2%	4.9%
Tennessee			13.8%	14.4%	6.1%

*Source: Population Estimates and Projections, Tennessee Counties and the State, 2010-2020, Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health.*

In addition, please note other population characteristics of the primary service area, as compared to the State of Tennessee, in the following chart:

**Selected Population Estimates for Primary Service Area and State of Tennessee**

<b>QuickFacts</b>	<b>Bedford</b>	<b>Coffee</b>	<b>Lincoln</b>	<b>Svc. Area</b>	<b>Tennessee</b>
White ('11)	88.3%	93.1%	90.0%	90.7%	79.5%
Black ('11)	8.3%	3.9%	7.2%	6.3%	16.9%
Hispanic ('11)	11.6%	3.9%	2.7%	6.3%	4.7%
Foreign Born ('11)	7.8%	3.0%	1.3%	4.3%	4.4%
English 2 <sup>nd</sup> Language ('11)	10.8%	4.7%	2.5%	6.3%	6.2%
High School Graduates	74.2%	81.4%	79.4%	78.3%	82.5%
Bachelor's Degree	12.8%	19.0%	15.8%	16.1%	22.7%
Homeownership	68.6%	72.3%	76.2%	72%	69.6%
Per Capital Income	\$18,471	\$20,737	\$22,811	\$20,481	\$23,722
Med. Household Income	\$38,550	\$40,078	\$42,962	\$40,363	\$43,314
% Below Poverty	21.7%	17.5%	15.9%	54.8%	16.5%
Pop/Square Mile ('10)	95.1	123.1	58.5	97.1	153.9
TennCare Enrollees ('11)					1,209,372
TennCare Enrollees/% Pop					* 18.7%

*Source: State and County QuickFacts, U.S. Bureau of Census. Data is for 2006 – 2010 unless otherwise noted. (See Attachment B.II.B for more data).*

*\* 2011 TennCare Enrollees divided by 2012 Pop.*

The Applicant does not and will not discriminate in any way, whether regarding admissions or in hiring practices, at its ASTC.

Please see *Attachment C.Need.4.A* for additional demographic data on the service area and the State of Tennessee.

**B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

**Response:** Bedford County and Lincoln County are both federally-designated Medically Underserved Areas, and Bedford County has six Health Professional Shortage Areas. Please see *Attachment C.Need.4.B*.

Approval of this application will help address such shortages by providing another venue for health care professionals to provide services in the county.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response:** The following information was obtained from the latest Joint Annual Reports (“JARs”) from the existing ASTCs and hospitals (outpatient surgery data) in our primary service area:

**Patient Charge Data/Utilization, ASTCs  
Service Area, 2011**

County/Facility	ORs	# Proc	Avg Proc/OR	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>						
Center for ENT, Laser, Cosmetic	2	1,579	790	1,057	741	316
<b>Coffee</b>						
Center for Day Surgery	1	1,281	1,281	2,651	1,853	798
Crown Surgery Center	2	274	137	2,703	1,802	901
Tullahoma Surgery Center	2	7,557	3,779	1,186	725	461
Community Cancer Center*	N/A	N/A	N/A	N/A	N/A	N/A

*Source: Applicant reflects Calendar Year Data, Joint Annual Reports for ASTCs, 2011 (no ASTCs in Lincoln County)*

*\* Not Applicable, as this facility is a radiation oncology center*

**Utilization Data, Hospital Outpatient Surgery  
Service Area, 2011**

<b>County/Facility</b>	<b>ORs</b>	<b>Ded OP ORs</b>	<b># Proc</b>	<b>Avg Proc/OR</b>	<b># Encounters</b>
<b>Bedford</b>					
Heritage Medical Center	3	1	2,656	885	2,349
<b>Coffee</b>					
Harton Regional Medical Center (1)	7	2	6,717	960	5,816
Medical Center of Manchester (2)	2	2	572	286	492
United Regional Medical Center (3)	2	3	1106	553	533
<b>Lincoln</b>					
Lincoln Medical Center	2	0	770	385	770

*Source: Joint Annual Reports for Hospitals, 2011 Provisional, Outpatient Only*

*NOTES: (1) Harton Regional Medical Center reported (on JARs) 7 inpatient plus 2 dedicated outpatient surgery suites. Contact indicated that it has a total of 9 operating rooms, with 2 being dedicated to outpatient surgery.*

*(2) Medical Center of Manchester reported (on JARs) 2 total ORs, with both being dedicated to Outpatient Surgery, yet performed surgery on inpatients. Contact indicated a total of 2 ORs, and both inpatient and outpatient surgeries are scheduled in both ORs.*

*(3) United Regional Medical Center reported (on JARs) 2 inpatient plus 3 outpatient ORs on JARs, yet when contacted stated they had a total of 2 ORs – one sterile OR plus one clean procedure room.*

**6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

**Response:** The Applicant provided 413, 394 and 330 outpatient surgical procedures in 2009 through 2011, respectively. We anticipate providing 602 and 646 procedures in Years 1 and 2, respectively.

Historic utilization has decreased due to the fact that one of the physicians associated with Dr. Canonico moved his family from Shelbyville. In effect, Dr. Canonico provides almost all of the outpatient surgical procedures at the ASTC, and utilizes only one of the two operating rooms two days each week. His main medical practice is in Shelbyville (adjacent to the ASTC), but he also maintains office hours and an active medical practice in Tullahoma. Therefore, the majority of his time is spent seeing patients, as opposed to performing outpatient procedures. Further, many relatively minor procedures can still be performed in his offices. Since the normal schedule of utilizing the ASTC two days each week makes it impractical to bring in personnel for a relatively minor procedure, patients occasionally receive such services in an office setting, further reducing the ASTC volume.

Based on the anticipated increase that the two additional surgeons will bring to the ASTC, utilization should almost double to utilizing both operating rooms two days each week. The orthopedic surgeon anticipates performing 248 and 270 outpatient procedures in Years 1 and 2, respectively, and the podiatrist anticipates performing 24 and 36 outpatient procedures during the same time.

These projections were based on how many surgical procedures were performed by these surgeons in 2011.

According to Dr. Wayne Mosley, an orthopedic surgeon in Shelbyville, it is very difficult and almost impossible for an orthopedic surgeon to provide necessary services for his/her patients without access to an ASTC. Dr. Mosley reports that he is losing 6 patients each week, as follows: at least 2 patients per week, when told they need surgery, go to some other town due to their respective insurance policies requiring them to utilize an outpatient surgery center for their procedures; and at least 4 patients call his office each week, ask if he can perform surgery in Shelbyville somewhere other than the local hospital. Insurance companies are not allowing potential patients to have outpatient surgical procedures performed in the local hospital due to higher costs.

Further, Dr. Russell Oliver, a local podiatrist, reports that his patients have issues with the local hospital and do not want to go there for surgery. Other patients' primary care physician is not on staff at the local hospital, and by the hospital's bylaws, a podiatrist needs a staff physician to clear all patients for surgery. The Applicant's physician anesthesiologist clears patients for surgery, but the local hospital does not have a physician anesthesiologist. Also, Dr. Oliver reports that his patients have such high deductibles now on their respective insurance policies that having surgery in the local hospital is cost prohibitive. Finally, patients have informed Dr. Oliver that ASTC surgery costs them half of the cost of the same surgery in the local hospital, so they go elsewhere.

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

**Response:** The Project Costs Chart is completed. There are no renovation or construction costs. The only costs involve \$50,000 in administrative and other costs (already paid), plus \$40,000 for a refurbished C-Arm for one of the operating rooms.

Although probably not applicable, the chart below, prepared by the HSDA, indicates construction costs for recent nursing home applications. A review of these average costs indicate this particular project is financially feasible.

### Ambulatory Surgical Treatment Center Construction Cost Per Square Foot

Years: 2009 – 2011

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$40.09/sq ft	\$200.00/sq ft	\$54.06/sq ft
Median	\$100.47/sq ft	\$252.74/sq ft	\$134.57/sq ft
3 <sup>rd</sup> Quartile	\$195.00/sq ft	\$371.75/sq ft	\$252.74/sq ft

Source: CON approved applications for years 2009 through 2011



## PROJECT COSTS CHART

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**A. Construction and equipment acquired by purchase.**

1. Architectural and Engineering Fees	\$
2. Legal, Administrative (Excluding CON Filing Fee), Consultant	50,000
3. Acquisition of Site	
4. Preparation of Site	
5. Construction Costs	
6. Contingency Fund	
7. Fixed Equipment (Not included in Construction Contract)	
8. Moveable Equipment (List all equipment over \$50,000)*	40,000
9. Other (Specify)	
<hr/>	
<b>Subsection A Total</b>	<b>90,000</b>

**B. Acquisition by gift, donation, or lease.**

1. Facility (Inclusive of Building and Land)	
2. Building Only	
3. Land Only	
4. Equipment (Specify)	
5. Other (Specify)	
<hr/>	
<b>Subsection B Total</b>	

**C. Financing costs and fees**

1. Interim Financing	
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	
<hr/>	
<b>Subsection C Total</b>	<b>0</b>

D. Estimated Project Cost (A + B + C)	\$	<b>90,000.00</b>
E. CON Filing Fee	\$	<b>3,000.00</b>
F. Total Estimated Project Cost (D + E)	<b>TOTAL</b>	<b>\$ 93,000.00</b>

*Note: Administrative costs are already paid. The only "new" funds needed are for the equipment.*

**2. Identify the funding sources for this project.**

- a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other—Identify and document funding from all other sources.

**Response:** This project will be financed with cash reserves, and sufficient funds have been deposited and are dedicated to this project. Please see *Attachment C.EF.2*.

3. **Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.**

**Response:** The Project Costs Chart is completed. There are no renovation or construction costs. The only costs involve \$50,000 in administrative and other costs (already paid), plus \$40,000 for a refurbished C-Arm for one of the operating rooms.

Although probably not applicable, the chart below, prepared by the HSDA, indicates construction costs for recent nursing home applications. A review of these average costs indicate this particular project is financially feasible.

**Ambulatory Surgical Treatment Center Construction Cost Per Square Foot**

**Years: 2009 – 2011**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$40.09/sq ft	\$200.00/sq ft	\$54.06/sq ft
<b>Median</b>	\$100.47/sq ft	\$252.74/sq ft	\$134.57/sq ft
<b>3<sup>rd</sup> Quartile</b>	\$195.00/sq ft	\$371.75/sq ft	\$252.74/sq ft

*Source: CON approved applications for years 2009 through 2011*

**4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).**

**Response:** Historical and Projected Data Charts are completed.

Historical Data Chart: Completed. It is important to note that Dr. Canonico had major surgery himself in 2011, and he performed fewer surgeries that year due to his own recuperation. The end result is that the ASTC had a negative bottom line in 2011. He is now healthy, and the ASTC is on track to have a positive cash flow for 2012.

Also, please note that the Historical Data Chart reflects calendar year data for the Applicant, whereas the Joint Annual Reports of the Applicant reflect annual records beginning on July 01. Therefore, the data will not be exact, but are comparable. For example, the Applicant's JARs indicate that the ASTC had 1,157 patients from 2009 – 2011, but the Historical Data Chart reports 1,137 patients for the three calendar years..

Projected Data Chart: Completed.

Please note that there is no provision for "Charity Care" in the Projected Data Chart. Neither Dr. Canonico nor his ASTC has ever denied care to any individual based on that individual's inability to pay for such care. Almost all patients have some reimbursement mechanism, whether it be through governmental financial reimbursement or through personal payments over an extended period of time. From an accounting perspective, Dr. Canonico decided at the end of 2011 to not even keep up with which specific patients did, in fact, have to be written off, whether it was due to Bad Debt or Charity Care. Since he never refused care to any patient and would accept what he received, the accounting for such was considered to be an inefficient use of staff time.

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in January (month).

**Response:**

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	<u>2011</u>	<u>2010</u>	<u>2009</u>
A. Utilization/Occupancy Rate (Procedures)	<u>330</u>	<u>394</u>	<u>413</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u>1,589,405</u>	<u>2,241,164</u>	<u>2,182,067</u>
2. Outpatient Services	<u></u>	<u></u>	<u></u>
3. Emergency Services	<u></u>	<u></u>	<u></u>
4. Other Operating Revenue (Specify) <u>A/R Change</u>	<u>78,621</u>	<u>49,542</u>	<u>(12,870)</u>
<b>Gross Operating Revenue</b>	<b><u>1,668,026</u></b>	<b><u>2,290,706</u></b>	<b><u>2,169,197</u></b>
C. Deductions from Operating Revenue			
1. Contractual Adjustments	<u>1,143,768</u>	<u>1,587,176</u>	<u>1,485,264</u>
2. Provision for Charity Care	<u>6,521</u>	<u>6,597</u>	<u>17,176</u>
3. Provision for Bad Debt	<u>18,491</u>	<u>21,922</u>	<u>3,215</u>
<b>Total Deductions</b>	<b><u>1,168,780</u></b>	<b><u>1,615,695</u></b>	<b><u>1,505,655</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>499,246</u></b>	<b><u>675,011</u></b>	<b><u>663,542</u></b>
D. Operating Expenses			
1. Salaries and Wages	<u>114,522</u>	<u>123,693</u>	<u>122,738</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>	<u></u>
3. Supplies	<u>71,576</u>	<u>64,974</u>	<u>75,718</u>
4. Taxes	<u>1,380</u>	<u>4,222</u>	<u>3,029</u>
5. Depreciation	<u>18,150</u>	<u>414</u>	<u>4,227</u>
6. Rent	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
7. Interest, other than Capital	<u></u>	<u></u>	<u></u>
8. Management Fees:			
a. Fees to Affiliates	<u></u>	<u></u>	<u></u>
b. Fees to Non-Affiliates	<u></u>	<u></u>	<u></u>
9. Other Expenses (Specify) <u>see attached chart</u>	<u>206,750</u>	<u>305,278</u>	<u>307,438</u>
<b>Total Operating Expenses</b>	<b><u>532,378</u></b>	<b><u>618,581</u></b>	<b><u>633,150</u></b>
E. Other Revenue (Expenses)-Net (Specify) _____	<u></u>	<u></u>	<u></u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>(33,132)</u></b>	<b><u>56,430</u></b>	<b><u>30,392</u></b>
F. Capital Expenditures			
1. Retirement of Principal	<u></u>	<u></u>	<u></u>
2. Interest	<u></u>	<u></u>	<u></u>
<b>Total Capital Expenditure</b>	<u></u>	<u></u>	<u></u>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b><u>(33,132)</u></b>	<b><u>56,430</u></b>	<b><u>30,392</u></b>

## PROJECTED DATA CHART

Give information for the two (2) years following the completion of this project. The fiscal year begins in January (month).

	Year 1	Year 2
A. Utilization/Occupancy Rate (Patient Days)	<u>602</u>	<u>646</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>2,306,587</u>	<u>2,424,740</u>
2. Outpatient Services	<u>                    </u>	<u>                    </u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) _____	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<u><b>2,306,587</b></u>	<u><b>2,424,740</b></u>
C. Deductions from Operating Revenue		
1. Contractual Adjustments	<u>1,499,282</u>	<u>1,576,081</u>
2. Provision for Charity Care	<u>                    </u>	<u>                    </u>
3. Provision for Bad Debt	<u>46,132</u>	<u>48,495</u>
<b>Total Deductions</b>	<u><b>1,545,414</b></u>	<u><b>1,624,576</b></u>
<b>NET OPERATING REVENUE</b>	<u><b>761,173</b></u>	<u><b>800,164</b></u>
D. Operating Expenses		
1. Salaries and Wages	<u>175,396</u>	<u>180,000</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>208,000</u>	<u>215,000</u>
4. Taxes	<u>4,400</u>	<u>4,400</u>
5. Depreciation	<u>13,193</u>	<u>20,187</u>
6. Rent	<u>120,000</u>	<u>120,000</u>
7. Interest, other than Capital	<u>                    </u>	<u>                    </u>
8. Management Fees:	<u>                    </u>	<u>                    </u>
a. Fees to Affiliates	<u>                    </u>	<u>                    </u>
b. Fees to Non-Affiliates	<u>                    </u>	<u>                    </u>
9. Other Expenses (Specify) <u>see attached chart</u>	<u>230,518</u>	<u>237,440</u>
<b>Total Operating Expenses</b>	<u><b>751,507</b></u>	<u><b>777,027</b></u>
E. Other Revenue (Expenses)-Net (Specify)	<u>0</u>	<u>0</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u><b>9,666</b></u>	<u><b>23,137</b></u>
F. Capital Expenditures		
1. Retirement of Principal	<u>                    </u>	<u>                    </u>
2. Interest (on Letter of Credit)	<u>                    </u>	<u>                    </u>
<b>Total Capital Expenditure</b>	<u>                    </u>	<u>                    </u>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<u><b>9,666</b></u>	<u><b>23,137</b></u>

## OTHER EXPENSES

Other Expenses	2011	2010	2009	Yr-1	Yr-2
Utilities	26,645	28,754	29,163	28,000	29,000
Linen	15,207	17,685	13,638	24,000	24,000
Maintenance Contracts	9,719	7,645	9,420	12,000	12,000
Billing Contract	61,518	173,304	166,477	92,263	96,990
Insurance – Property	2,761	2,761	2,761	2,555	2,750
Insurance – Professional	8,370	4,662	8,445	4,200	4,200
Repairs & Maintenance	34,493	13,694	23,395	26,000	28,000
Legal/Prof/Accounting	7,186	7,242	16,506	10,000	10,000
Advertising	1,356	1,175	772	1,500	2,000
Continuing Education	11,993	3,465	5,110	5,000	3,500
Cleaning Service	2,900	3,200	3,700	4,000	4,000
Outside Services	18,267	3,439	19,061	14,000	14,000
Travel/Meals	3,937	2,018	2,410	5,000	5,000
Dues/Subscriptions	2,318	1,184	552	2,000	2,000
Miscellaneous	0	35,050	6,058	0	0
<b>TOTAL (line D.9)</b>	<b>206,750</b>	<b>305,278</b>	<b>307,438</b>	<b>230,518</b>	<b>237,440</b>

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**Response:** Please see following chart for a comparison of 2011 and Year 1 procedure charges:

**The Center for ENT, Laser & Cosmetic Surgery, LLC  
Utilization/Charges**

	<b>2011</b>	<b>Year 1</b>
Number of Patients	330	602
Number of Procedures	1,579	2,880
Gross Revenue	\$1,668,026	\$2,306,587
Deductions	\$1,168,780	\$1,545,414
Net Revenue	\$499,246	\$761,173
Average Gross/Patient	\$5,055	\$3,832
Average Deduction	\$3,542	\$2,567
Average Net/Patient	\$1,513	\$1,265
Average Gross/Procedure	\$1,057	\$801
Average Deductions	\$741	\$537
Average Net/Procedure	\$316	\$264



6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

**Response:** Please see following chart for a comparison of 2011 and Year 1 procedure charges:

**The Center for ENT, Laser & Cosmetic Surgery, LLC  
Utilization/Charges**

	2011	Year 1
Number of Patients	330	602
Number of Procedures	1,579	2,880
Gross Revenue	\$1,668,026	\$2,306,587
Deductions	\$1,168,780	\$1,545,414
Net Revenue	\$499,246	\$761,173
Average Gross/Patient	\$5,055	\$3,832
Average Deduction	\$3,542	\$2,567
Average Net/Patient	\$1,513	\$1,265
Average Gross/Procedure	\$1,057	\$801
Average Deductions	\$741	\$537
Average Net/Procedure	\$316	\$264

With the anticipated increase in number of patients, gross, deductions, and net figures increase. However, with the anticipated efficiencies of utilizing our ASTC, the average costs, both gross and net, will decrease. At the same time, the ASTC will operate at a positive cash flow following implementation of the project.

The anticipated gross revenue figure above is further broken down as follows:

\$1,714,350	Anticipated ENT procedures, based on current utilization
559,012	Orthopedic procedures, based on utilization of surgeon
33,225	Podiatry procedures, based on utilization of surgeon
\$2,306,587	Total anticipated Gross Revenue

**B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).**

**Response:** The following information was obtained from the latest Joint Annual Reports (“JARs”) from the existing ASTCs and hospitals (outpatient surgery data) in our primary service area:

**Patient Charge Data/Utilization, ASTCs  
Service Area, 2011**

County/Facility	ORs	# Proc	Avg Proc/OR	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>						
Center for ENT, Laser, Cosmetic	2	1,579	790	1,057	741	316
<b>Coffee</b>						
Center for Day Surgery	1	1,281	1,281	2,651	1,853	798
Crown Surgery Center	2	274	137	2,703	1,802	901
Tulahoma Surgery Center	2	7,557	3,779	1,186	725	461
Community Cancer Center*	N/A	N/A	N/A	N/A	N/A	N/A

*Source: Applicant reflects Calendar Year Data, Joint Annual Reports for ASTCs, 2011 (no ASTCs in Lincoln County)*

*\* Not Applicable, as this facility is a radiation oncology center*

**Utilization Data, Hospital Outpatient Surgery  
Service Area, 2011**

2012 OCT 15 PM 3:03

County/Facility	ORs	Ded OP ORs	# Proc	Avg Proc/OR	# Encounters
<b>Bedford</b>					
Heritage Medical Center	3	1	2,656	885	2,349
<b>Coffee</b>					
Harton Regional Medical Center (1)	7	2	6,717	960	5,816
Medical Center of Manchester (2)	2	2	572	286	492
United Regional Medical Center (3)	2	3	1106	553	533
<b>Lincoln</b>					
Lincoln Medical Center	2	0	770	385	770

*Source: Joint Annual Reports for Hospitals, 2011 Provisional, Outpatient Only*

*NOTES: (1) Harton Regional Medical Center reported (on JARs) 7 inpatient plus 2 dedicated outpatient surgery suites. Contact indicated that it has a total of 9 operating rooms, with 2 being dedicated to outpatient surgery.*

*(2) Medical Center of Manchester reported (on JARs) 2 total ORs, with both being dedicated to Outpatient Surgery, yet performed surgery on inpatients. Contact indicated a total of 2 ORs, and both inpatient and outpatient surgeries are scheduled in both ORs.*

*(3) United Regional Medical Center reported (on JARs) 2 inpatient plus 3 outpatient ORs on JARs, yet when contacted stated they had a total of 2 ORs – one sterile OR plus one clean procedure room.*

The Applicant's Year 1 comparable projections to the above two charts are:

**The Center for ENT, Laser & Cosmetic Surgery, LLC**

<b>County/Facility</b>	<b>ORs</b>	<b># Proc</b>	<b>\$ Avg Gross</b>	<b>\$ Avg Deduct</b>	<b>\$ Avg Net</b>
<b>Bedford</b>					
Center for ENT, Laser, Cosmetic	2	2,880	801	537	264

Note: For the three previous charts, "\$ Avg Gross" = average gross charge per procedure or encounter, "\$ Avg Deduct" = average deductions per procedure or encounter, and "\$ Avg. Net" = average net charge per procedure or encounter. Further, the number of procedures (2,880) are an estimate based on the respective number of procedures and patients in 2011 (374 patients generated 1,789 procedures, according to the 2011 JAR. Therefore, 602 patients would generate an estimated 2,880 procedures in Year 1).

**7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.**

**Response:** The Projected Data Chart indicates sufficient income to maintain cost-effectiveness, with a positive cash flow in both Years 1 and 2. Obviously, income is dependent upon rendering services to a sufficient number of patients. As the Applicant's owner has been in business for many years, the Applicant feels comfortable with the projections.

Obviously, much of the increase will be with the new services proposed for the Applicant. The Applicant provided 413, 394 and 330 outpatient surgical procedures in 2009 through 2011, respectively. We anticipate providing 602 and 646 procedures in Years 1 and 2, respectively.

Historic utilization has decreased due to the fact that one of the physicians associated with Dr. Canonico moved his family from Shelbyville. In effect, Dr. Canonico provides almost all of the outpatient surgical procedures at the ASTC, and utilizes only one of the two operating rooms two days each week. His main medical practice is in Shelbyville (adjacent to the ASTC), but he also maintains office hours and an active medical practice in Tullahoma. Therefore, the majority of his time is spent seeing patients, as opposed to performing outpatient procedures. Further, many relatively minor procedures can still be performed in his offices. Since the normal schedule of utilizing the ASTC two days each week makes it impractical to bring in personnel for a relatively minor procedure, patients occasionally receive such services in an office setting, further reducing the ASTC volume.

Based on the anticipated increase that the two additional surgeons will bring to the ASTC, utilization should almost double to utilizing both operating rooms two days each week. The orthopedic surgeon anticipates performing 248 and 270 outpatient procedures in Years 1 and 2, respectively, and the podiatrist anticipates performing 24 and 36 outpatient procedures during the same time.

These projections were based on how many surgical procedures were performed by these surgeons in 2011.

According to Dr. Wayne Mosley, an orthopedic surgeon in Shelbyville, it is very difficult and almost impossible for an orthopedic surgeon to provide necessary services for his/her patients without access to an ASTC. Dr. Mosley reports that he is losing 6 patients each week, as follows: at least 2 patients per week, when told they need surgery, go to some other town due to their respective insurance policies requiring them to utilize an outpatient surgery center for their procedures; and at least 4 patients call his office each week, ask if he can perform surgery in Shelbyville somewhere other than the local hospital. Insurance companies are not allowing potential patients to have outpatient surgical procedures performed in the local hospital due to higher costs.

Further, Dr. Russell Oliver, a local podiatrist, reports that his patients have issues with the local hospital and do not want to go there for surgery. Other patients' primary care physician is not on staff at the local hospital, and by the hospital's bylaws, a podiatrist needs a staff physician to clear all patients for surgery. The Applicant's physician anesthesiologist clears patients for surgery, but the local hospital does not have a physician anesthesiologist. Also, Dr. Oliver reports that his patients have such high deductibles now on their respective insurance policies that having surgery in the local hospital is cost prohibitive. Finally, patients have informed Dr. Oliver that ASTC surgery costs them half of the cost of the same surgery in the local hospital, so they go elsewhere.

8. **Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.**

**Response:** The Projected Data Chart indicates sufficient income to maintain cost-effectiveness, with a positive cash flow in both Years 1 and 2. Obviously, income is dependent upon rendering services to a sufficient number of patients. As the Applicant's owner has been in business for many years, the Applicant feels comfortable with the projections.

9. **Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.**

**Response:** The ASTC participates in both the Medicare and Medicaid programs, and this participation will continue with the approval of this application. The chart below lists the payor sources for 2011 and what is projected for Year 1:

**The Center for ENT, Laser & Cosmetic Surgery, LLC**

Payor Source	2011	Year 1
Medicaid/TennCare	55%	44%
Commercial Insurance	34%	39%
Medicare	9%	16%
Self Pay	1%	0.5%
Worker's Comp	1%	0.5%

The most notable change anticipated between 2011 and Year 1 involves the addition of orthopedic procedures. Many of these procedures will be for elderly patients, and they are more likely to be reimbursed by Medicare. Further, orthopedic procedures are more likely to be reimbursed by commercial insurance. Therefore, the Applicant anticipates an increase in Medicare and Commercial Insurance reimbursement, with a decrease in Medicaid/TennCare reimbursement.

Using the Year 1 anticipated percentages, the following assumptions are made:

Assuming net revenue of \$761,173 the first year, approximately \$121,788 will be reimbursed by Medicare (Net Revenue of \$761,173 x 16% Medicare), and approximately \$34,253 will be reimbursed by the State for Medicaid patients (Net Revenue of \$761,173 x 44% Medicaid x 30% State Share).

**10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.**

**Response:** Please see *Attachment C.EF.10*, which shows sufficient funds are available for this project. These financial statements are not audited, and the Applicant does not have audited financials.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

**Response:** The Applicant has been in business for several years. Over the years, the local hospital has initiated discussions with the Applicant to purchase the ASTC. However, the Applicant's owner has maintained the independence of the ASTC as a viable alternative to service area patients needing outpatient surgery. On one occasion, the Applicant applied for and was approved to be a multi-specialty facility. During the contested case hearing, however, a compromise was reached where the ASTC could add one OR and one additional service (ophthalmology) in exchange for the ASTC to not pursue being a multispecialty ASTC. Even so, local surgeons have requested the Applicant to add surgical services to its license through CON.

Therefore, at least one alternative that has been considered was to negotiate with the local hospital to purchase the ASTC, which would allow the hospital to pursue multi-specialty status without local opposition. That alternative was discarded, however, as the owner of the Applicant felt that the very nature of having a large health care chain operate both a hospital and an ASTC in the same community would not provide a viable choice for local patients in deciding where to receive outpatient surgery.

No other alternatives were considered, as relates to the addition of these two surgical specialties.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**Response:** The Applicant has a sufficient physical plant for the addition of these two surgical services. The ASTC is licensed, and received no deficiencies during its last survey by the Department of Health. As the existing ORs are underutilized, the existing ASTC can be used more efficiently with the addition of these services.



## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. **List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

**Response:** The Applicant has transfer agreements with Heritage Medical Center in Shelbyville and Middle Tennessee Medical Center in Murfreesboro. These agreements will continue.

2. **Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

**Response:** As stated, much of the increase is due to the surgical procedures that will be performed by the addition of orthopedics and podiatry. For the most part, most of these procedures are going to other outpatient centers – not the local hospital. As reported, patients either have issues with the local hospital, or will incur higher charges at the local hospital. Therefore, the vast majority of patients who will be served with this addition are not going to the local hospital, and there will be no duplication or competition issues.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**Response:** The addition of orthopedics and podiatry surgical services can be accomplished without having to hire additional staff. Our ASTC is part time, as the ASTC is not utilized full time. These part time personnel will work more hours with the addition of these services, but no new personnel will be required.

Existing and Year 1 ASTC personnel and salary ranges are given below:

**The Center for ENT, Laser & Cosmetic Surgery, LLC  
ASTC Personnel**

Position	Current FTE	Year 1 FTE	Salary Range
RN	1.7	2.1	\$26 - \$28/hour
Scrub Tech	0.3	0.6	\$16 - \$18/hour
Translator	0.3	0.5	\$18/hour

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**Response:** The addition of orthopedics and podiatry surgical services can be accomplished without having to hire additional staff. Our ASTC is part time, as the ASTC is not utilized full time. These part time personnel will work more hours with the addition of these services, but no new personnel will be required.

Existing and Year 1 ASTC personnel and salary ranges are given below:

**The Center for ENT, Laser & Cosmetic Surgery, LLC  
ASTC Personnel**

Position	Current FTE	Year 1 FTE	Salary Range
RN	1.7	2.1	\$26 - \$28/hour
Scrub Tech	0.3	0.6	\$16 - \$18/hour
Translator	0.3	0.5	\$18/hour

In addition, please see *Attachment C.OD.3* for prevailing wage patterns in the area.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

**Response:** The Applicant is familiar with all licensing certification requirements for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (*e.g., internships, residencies, etc.*).

**Response:** There is no current training by the Applicant as contemplated by this question.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**Response:** The Applicant is familiar with all licensure requirements of the regulatory agencies of the State.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

**Response:**

Licensure: Tennessee Department of Health

Accreditation: Medicare, Medicaid, Accreditation Association for Ambulatory Health Care, Inc.

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**Response:** The Applicant is licensed by the Tennessee Department of Health, and had no deficiencies during its last survey. Further, the Applicant is accredited by Medicare, Medicaid, and the Accreditation Association for Ambulatory Health Care, Inc. As such, the Applicant is currently in good standing with all of these entities. Please see *Attachment C.OD.7.c*.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**Response:** The applicant had no deficiencies during its last survey. Please see *Attachment C.OD.7.d*.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**Response:** There have been no final orders or judgments as are contemplated by this question.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

**Response:** There have been no final orders or judgments as are contemplated by this question.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

**Response:** The Applicant will provide all data contemplated by this question.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent. 2012 OCT 15 PM 3:03

**Response:** If the requested documentation is not attached, it will be submitted once received.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

Form HF0004  
Revised 05/03/04  
Previous Forms are obsolete

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 01/2013.

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Assuming the CON approval becomes the final agency action on that date, indicate the number of day from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<b>DAYS REQUIRED</b>	<b>Anticipated Date (MONTH/YEAR)</b>
1. Architectural and engineering contract signed	<hr/>	<hr/>
2. Construction documents approved by the Tennessee Department of Health	<hr/>	<hr/>
3. Construction contract signed	<hr/>	<hr/>
4. Building permit secured	<hr/>	<hr/>
5. Site preparation completed	<hr/>	<hr/>
6. Building construction commenced	<hr/>	<hr/>
7. Construction 40% complete	<hr/>	<hr/>
8. Construction 80% complete	<hr/>	<hr/>
9. Construction 100% complete (approved for occupancy (renovation)	<hr/>	<hr/>
10. *Issuance of license	<hr/> 30	<hr/> 02/2013
11. *Initiation of service	<hr/> 30	<hr/> 02/2013
12. Final Architectural Certification of Payment	<hr/>	<hr/>
13. Final Project Report Form (HF0055)	<hr/>	<hr/>

**\* For projects that do NOT involve construction or renovation : Please complete items 10 and 11 only.**

**Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.**



**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

2012 OCT 15 PM 3:03

E. Graham Baker, Jr., being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of his/her knowledge.

E. Graham Baker, Jr., attorney  
SIGNATURE/TITLE

Sworn to and subscribed before me this 15<sup>th</sup> day of October, 2012, a  
(month) (year)

Notary Public in and for the County/State of Davidson/Tennessee.

Nadean E. Poteet  
NOTARY PUBLIC



My commission expires May 6th, 2013.  
(Month/Day) (Year)

## AMBULATORY SURGICAL TREATMENT CENTERS

Following are responses to the specific criteria for Ambulatory Surgical Treatment Centers on pages 51 and 52 of Tennessee's Health: Guidelines for Growth:

*1. The need for ambulatory surgical services shall be based upon the following assumptions:*

*a. An operating room is available 250 days per year, 8 hours per day.*

**Response:** Our ASTC is and will continue to be available 250 days per year, 8 hours per day.

*b. The average time per outpatient surgery case is 60 minutes.*

**Response:** Our average time per outpatient procedure is less than 60 minutes.

*c. The average time for clean-up and preparation between outpatient surgery cases is 30 minutes.*

**Response:** Our average clean-up time between procedures is less than 30 minutes.

*d. The expected capacity of a dedicated, outpatient, general purpose operating room is 80% of full capacity. That equates to 800 cases per year.*

**Response:** See chart below:

### The Center for ENT, Laser & Cosmetic Surgery, LLC

County/Facility	ORs	# Proc	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>					
Center for ENT, Laser, Cosmetic	2	2,880	801	537	264

*e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.*

**Response:** The following information was obtained from the latest Joint Annual Reports ("JARs") from the existing ASTCs and hospitals (outpatient surgery data) in our primary service area:

**Patient Charge Data/Utilization, ASTCs  
Service Area, 2011**

<b>County/Facility</b>	<b>ORs</b>	<b># Proc</b>	<b>Avg Proc/OR</b>	<b>\$ Avg Gross</b>	<b>\$ Avg Deduct</b>	<b>\$ Avg Net</b>
<b>Bedford</b>						
Center for ENT, Laser, Cosmetic	2	1,579	790	1,057	741	316
<b>Coffee</b>						
Center for Day Surgery	1	1,281	1,281	2,651	1,853	798
Crown Surgery Center	2	274	137	2,703	1,802	901
Tullahoma Surgery Center	2	7,557	3,779	1,186	725	461
Community Cancer Center*	N/A	N/A	N/A	N/A	N/A	N/A

*Source: Applicant reflects Calendar Year Data, Joint Annual Reports for ASTCs, 2011 (no ASTCs in Lincoln County)*

*\* Not Applicable, as this facility is a radiation oncology center*

**Utilization Data, Hospital Outpatient Surgery  
Service Area, 2011**

<b>County/Facility</b>	<b>ORs</b>	<b>Ded OP ORs</b>	<b># Proc</b>	<b>Avg Proc/OR</b>	<b># Encounters</b>
<b>Bedford</b>					
Heritage Medical Center	3	1	2,656	885	2,349
<b>Coffee</b>					
Harton Regional Medical Center (1)	7	2	6,717	960	5,816
Medical Center of Manchester (2)	2	2	572	286	492
United Regional Medical Center (3)	2	3	1106	553	533
<b>Lincoln</b>					
Lincoln Medical Center	2	0	770	385	770

*Source: Joint Annual Reports for Hospitals, 2011 Provisional, Outpatient Only*

*NOTES: (1) Harton Regional Medical Center reported (on JARs) 7 inpatient plus 2 dedicated outpatient surgery suites. Contact indicated that it has a total of 9 operating rooms, with 2 being dedicated to outpatient surgery.*

*(2) Medical Center of Manchester reported (on JARs) 2 total ORs, with both being dedicated to Outpatient Surgery, yet performed surgery on inpatients. Contact indicated a total of 2 ORs, and both inpatient and outpatient surgeries are scheduled in both ORs.*

*(3) United Regional Medical Center reported (on JARs) 2 inpatient plus 3 outpatient ORs on JARs, yet when contacted stated they had a total of 2 ORs – one sterile OR plus one clean procedure room.*

2. *“Service Area” shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.*

**Response:** Our primary service area consists of Bedford, Coffee and Lincoln Counties, which three counties totaled 77% of our existing patients in 2011. Our proposed service area will not change, indicating the reasonableness of the service area. Please see patient origin chart below:

**Applicant’s Patient Origin -- 2011**

<b>County</b>	<b>% of Pts.</b>
Bedford	39.0
Coffee	22.0
Franklin	7.0
Giles	0.5
Grundy	1.0
Lincoln	16.0
Marshall	11.0
Mauy	0.5
Moore	0.5
Rutherford	2.0
Warren	0.5
<b>Total</b>	<b>100.0</b>

Please see *Attachment C.Need.3* for a map of the primary service area.

Currently, there are no hospital operating rooms in Bedford County that are dedicated to outpatient surgery, and there is only one existing ASTC in Bedford County (the Applicant). There are no hospital operating rooms in Coffee County that are dedicated to outpatient surgery, and there are three ASTCs in Coffee County. There are no hospital operating rooms in Lincoln County that are dedicated to outpatient surgery, and there are no existing ASTCs in Lincoln County.

3. *The majority of the population of a service area for ambulatory surgical services should reside within 30 minutes travel time to the facility.*

The majority of our patients in our primary service area live within a 30-minute drive of our facility.

4. *All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.*

There were 790 procedures per operating room performed at the Applicant's facility in 2011, and the only surgeon there was incapacitated for some of that time due to having had surgery himself.

There will be no problem in exceeding this guideline, as Dr. Canonico is now healthy again, and the Applicant hopes to add orthopedics and podiatry.

5. *A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Services and Development Agency may consider proposals for additional facilities under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.*

**Response:** See utilization charts for both ASTCs and hospital outpatient surgery in the service area:

**Patient Charge Data/Utilization, ASTCs  
Service Area, 2011**

County/Facility	ORs	# Proc	Avg Proc/OR	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>						
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Community Cancer Center*	N/A	N/A	N/A	N/A	N/A	N/A

Source: Applicant reflects Calendar Year Data, Joint Annual Reports for ASTCs, 2011 (no ASTCs in Lincoln County)

\* Not Applicable, as this facility is a radiation oncology center

**Utilization Data, Hospital Outpatient Surgery  
Service Area, 2011**

<b>County/Facility</b>	<b>ORs</b>	<b>Ded OP ORs</b>	<b># Proc</b>	<b>Avg Proc/OR</b>	<b># Encounters</b>
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<b>Lincoln</b>					
Lincoln Medical Center	2	0	770	385	770

*Source: Joint Annual Reports for Hospitals, 2011 Provisional, Outpatient Only*

*NOTES: (1) Harton Regional Medical Center reported (on JARs) 7 inpatient plus 2 dedicated outpatient surgery suites. Contact indicated that it has a total of 9 operating rooms, with 2 being dedicated to outpatient surgery.*

*(2) Medical Center of Manchester reported (on JARs) 2 total ORs, with both being dedicated to Outpatient Surgery, yet performed surgery on inpatients. Contact indicated a total of 2 ORs, and both inpatient and outpatient surgeries are scheduled in both ORs.*

*(3) United Regional Medical Center reported (on JARs) 2 inpatient plus 3 outpatient ORs on JARs, yet when contacted stated they had a total of 2 ORs – one sterile OR plus one clean procedure room.*

- 6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.**

**Response:** The Center now has two operating rooms, and no additional rooms are requested.

- 7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight calendar quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.**

**Response:** The Applicant conservatively projects performing 2,880 and 3,090 procedures during the next two years of operation. Based on those projections, the quarterly projections would be as follows:

1 <sup>st</sup>	690	5 <sup>th</sup>	750
2 <sup>nd</sup>	720	6 <sup>th</sup>	760
3 <sup>rd</sup>	730	7 <sup>th</sup>	780
4 <sup>th</sup>	740	8 <sup>th</sup>	800

The Applicant has no specific methodology for making these projections. Total projections were based on combining historic utilization with the additional procedures that are now “lost” by the two surgeons desiring privileges at our Center. The Applicant understands there will be a “ramping up” process, but has no way of specifically stating exactly how many of these procedures would occur by quarter.

8. *A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage by county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.*

**Response:** Our primary service area consists of Bedford, Coffee and Lincoln Counties, which three counties totaled 77% of our existing patients in 2011. Our proposed service area will not change, indicating the reasonableness of the service area. Please see patient origin chart below:

**Applicant’s Patient Origin -- 2011**

County	% of Pts.
Bedford	39.0
Coffee	22.0
Franklin	7.0
Giles	0.5
Grundy	1.0
Lincoln	16.0
Marshall	11.0
Maury	0.5
Moore	0.5
Rutherford	2.0
Warren	0.5
<b>Total</b>	<b>100.0</b>

There is no specific methodology in determining our proposed service area, other than examining our existing service area. We anticipate no change.



## NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Center for ENT, Laser & Cosmetic Surgery, LLC, 310 Colloredo Blvd., Suite B, Shelbyville (Bedford County), Tennessee 37160 ("Applicant") owned and managed by itself, intends to file a Certificate of Need application for the addition of orthopedic and podiatry surgery. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients, and the Applicant will continue to be licensed by the Tennessee Department of Health. The estimated project cost is anticipated to be approximately \$200,000.00. The anticipated date of filing the application is: October 15, 2012.

The contact person for this project is E. Graham Baker, Jr., Attorney who may be reached at 2021 Richard Jones Road, Suite 350, Nashville, TN 37215, 615/370-3380.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

### PURPOSE:

Tract No. 2: Beginning with an iron spike in the center of the Old Columbia Road (now abandoned), 176 feet west of a C.C. Highway marker; running

This the 5th day of October, 2012.

BRUCE N. OLDHAM  
SUBSTITUTE TRUSTEE  
(October 10, 17, 24, 2012)

Classified deadline  
is 4 p.m.  
previous day!

## Police investigate 2 in- journalist kidnapping

LONDON (AP) — British police are investigating Wednesday whether a British man and woman arrested on suspicion of supporting terrorism offenses in Syria were part of a group that held a veteran war journalist hostage last month.

The abduction of freelance photographer John Cantlie in August highlighted concerns that British Muslims might be slipping into Syria to join extremists. Police in Britain seeking clues in the case searched two east London properties — one day after the pair were arrested at Heathrow Airport after arriving from Egypt.

The investigation is only one line of inquiry, police said while speaking on condition of anonymity in line with force policy. Cantlie had said upon his release that one of his captors spoke with a London accent.

Most of those fighting the regime of President Bashar Assad are believed to be ordinary Syrians and soldiers who have defected, having become fed up with the authoritarian government, analysts say. But increasingly, foreign fight-

ers and those adhering to an extremist Islamist ideology are turning up on the front lines.

The rebels are trying to play down their influence for fear of alienating Western support, but as the civil war grinds on, the influence of these extremists is set to grow.

The Syrian government has always blamed the uprising on foreign terrorists, despite months of peaceful protests by ordinary citizens that only turned violent after repeated attacks by security forces. The transformation of the conflict into an open war has given an opening to the foreign fighters and extremists.

Talk about the role of foreign jihadists in the Syrian civil war began in earnest, however, with the rise in suicide bombings. U.S. National Director of Intelligence James Clapper said in February that those attacks "bore the earmarks" of the jihadists in neighboring Iraq.

Rebel commanders are quick to dismiss the role of the foreign fighters and religious extremists, describing their numbers as few and their contribution as paltry.

BK CH9 PG 818

**Secretary of State**  
**Corporations Section**  
 1205 K. Polk Building, Suite 1800  
 Nashville, Tennessee 37243-0306

DATE: 01/08/99  
 REQUEST NUMBER: 3607-3238  
 TELEPHONE CONTACT: (615) 741-2286  
 FILE DATE/TIME: 01/07/99 1058  
 EFFECTIVE DATE/TIME: 01/07/99 1058  
 CONTROL NUMBER: 0363840

TO:  
 MARTIN CANNON & CO  
 617 OLD NASHVILLE  
 DIRT ROAD  
 SHELBYVILLE, TN 37160

State of Tennessee, County of BEDFORD  
 Received for record the 13 day of  
 JANUARY 1999 at 2:45 PM. (RECH 31012)  
 Recorded in official records  
 Book CH9 Pages 818- 819  
 State Tax \$ .00 Clerks Fee \$ .00.  
 Recordings \$ 7.00, Total \$ 7.00.  
 Register of Deeds OONNETA HURT  
 Deputy Register ARY MASSEY

RE:  
 SHELBYVILLE SURGERY CENTER, LLC  
 ARTICLES OF ORGANIZATION -  
 LIMITED LIABILITY COMPANY

CONGRATULATIONS UPON THE FORMATION OF THE LIMITED LIABILITY COMPANY IN THE STATE OF TENNESSEE WHICH IS EFFECTIVE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A LIMITED LIABILITY COMPANY HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF ORGANIZATION -  
 LIMITED LIABILITY COMPANY

ON DATE: 01/08/99

FROM:  
 MARTIN CANON & CO  
 617 OLD NASHVILLE  
 DIRT ROAD  
 SHELBYVILLE, TN 37160-0000

RECEIVED: FEES \$300.00 \$0.00  
 TOTAL PAYMENT RECEIVED: \$300.00

RECEIPT NUMBER: 00002408810  
 ACCOUNT NUMBER: 00301114



*Riley C. Darnell*


RILEY C. DARNELL  
 SECRETARY OF STATE


## WRITTEN CONSENT

The undersigned, constituting all the members of SHELBYVILLE SURGERY CENTER, L.L.C., do hereby consent to the following amendments to the Articles of Organization of such limited liability company:

1. That the name of the limited liability company shall be changed to THE CENTER FOR ENT, LASER & COSMETIC SURGERY, L.L.C.

This 8<sup>th</sup> Day of September, 1999.

  
\_\_\_\_\_  
David V. Martini

  
\_\_\_\_\_  
Domenic M. Canonico

State of Tennessee



Department of State  
Corporation Section

18th Floor, James K. Polk Building  
Nashville, TN 37243-0306

ARTICLES OF AMENDMENT TO THE  
LIMITED LIABILITY COMPANY

2012 OCT 15 PM 3:03

For Office Use Only

RECEIVED  
SECRETARY OF STATE  
**FILED**

99 SEP 10 AM 11:35

WILEY DARNELL  
SECRETARY OF STATE

LIMITED LIABILITY COMPANY CONTROL NUMBER (IF KNOWN) 0363840

PURSUANT TO THE PROVISIONS OF § 48A-9-104 OF THE TENNESSEE LIMITED LIABILITY COMPANY ACT, THE UNDERSIGNED ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS LIMITED LIABILITY COMPANY:

PLEASE MARK THE BLOCK THAT APPLIES:

☒ AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

☐ AMENDMENT IS TO BE EFFECTIVE, \_\_\_\_\_

MONTH

DAY

YEAR

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

1. PLEASE INSERT THE NAME OF THE LIMITED LIABILITY COMPANY AS IT APPEARS ON RECORD:

Shelbyville Surgery Center, LLC

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

The Center for ENT, Laser & Cosmetic Surgery, LLC

2. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS: (street) \_\_\_\_\_

CITY

STATE/COUNTY

ZIP CODE

B. REGISTERED AGENT: \_\_\_\_\_

C. REGISTERED ADDRESS: \_\_\_\_\_

STREET

CITY

STATE

ZIP CODE

COUNTY

D. OTHER CHANGES:

3. THE AMENDMENT WAS DULY ADOPTED ON: \_\_\_\_\_

September  
MONTH

8

DAY

1999

YEAR

(NOTE: PLEASE MARK THE BLOCK THAT APPLIES)

☐ THE BOARD OF GOVERNORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED

☒ THE MEMBERS

*D. H. H. L.*

Chief Manager

SIGNER'S CAPACITY

*Cl on 4/1/00*

SIGNATURE

David V. Martini

NAME OF SIGNER (TYPED OR PRINTED)

IS-4247

RDA Pending

**Secretary of State**

**Corporations Section**

**James K. Polk Building, Suite 1800**

**Nashville, Tennessee 37243-0306**

BK CH9 PG 818

DATE: 01/08/99  
REQUEST NUMBER: 3607-3238  
TELEPHONE CONTACT: (615) 741-2286  
FILE DATE/TIME: 01/07/99 1058  
EFFECTIVE DATE/TIME: 01/07/99 1058  
CONTROL NUMBER: 0363840

TO:  
MARTIN CANNON & CO  
617 OLD NASHVILLE  
DIRT ROAD  
SHELBYVILLE, TN 37160

RE:  
SHELBYVILLE SURGERY CENTER, LLC  
ARTICLES OF ORGANIZATION -  
LIMITED LIABILITY COMPANY

State of Tennessee, County of BEDFORD  
Received for record the 13 day of  
JANUARY 1999 at 2:45 PM. (RECN 31012)  
Recorded in official records  
Book CH9 pages 818- 819  
State Tax \$ .00 Clerks Fee \$ .00,  
Recording \$ 7.00, Total \$ 7.00,  
Register of Deeds ODDNETTA HURT  
Deputy Register ANY MASSEY

CONGRATULATIONS UPON THE FORMATION OF THE LIMITED LIABILITY COMPANY IN THE STATE OF TENNESSEE WHICH IS EFFECTIVE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE DISSOLUTION.

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FOR: ARTICLES OF ORGANIZATION -  
LIMITED LIABILITY COMPANY

ON DATE: 01/08/99

FROM:  
MARTIN CANON & CO  
617 OLD NASHVILLE  
DIRT ROAD  
SHELBYVILLE, TN 37160-0000

RECEIVED: FEES \$300.00 \$0.00  
TOTAL PAYMENT RECEIVED: \$300.00

RECEIPT NUMBER: 00002408810  
ACCOUNT NUMBER: 00301114



*Riley C. Darnell*

RILEY C. DARNELL  
SECRETARY OF STATE

When Revenue Is Paid By Check, This Receipt Is Not Valid Until Check Is Paid By Bank

\*\*\* OFFICIAL RECEIPT \*\*\*

Receipt Number 31012

BEDFORD COUNTY REGISTER OF DEEDS  
SHELBYVILLE, TENN. - JANUARY 13, 1999

Received of: BOBO CK MARTIN CANON & CO

For: LIMITED LIABILITY CO

Time of Reception: 2:45 PM

Transfer	I	Mortgage
Item S(a)	I	Item S(b)

Greater of:

Consideration

or Value \$	.00	\$	.00
-------------	-----	----	-----

Grantor: STATE OF TENNESSEE

Grantee: SHELBYVILLE SURGERY CENTER LLC

Paid By: CHECK 158

Check Amount Received: 7.00

Cash Amount Received: .00

Amount Charged: .00

Amount Refunded/Check #: .00

TRUMENT RETURNED TO: BOBO HUNT & BOBO

RECORDING FEES:

Warranty Deed \$ .00

Trust Deed \$ .00

Certified Copy \$ .00

U.C.C. \$ .00

Release/Misc Item \$ 5.00

Data Processing Fee \$ 2.00

STATE TAX:

Transfer-S(a) \$ .00

Mortgage-S(b) \$ .00

Register's Fee \$ .00

TOTAL: \$ 7.00

DONNETTA HURT

-----Register-----

AMY MASSEY

-----Deputy Register-----

State of Tennessee



Department of State  
Corporation Section  
18th Floor, James K. Polk Building  
Nashville, TN 37243-0306

ARTICLES OF AMENDMENT TO THE  
LIMITED LIABILITY COMPANY

For Office Use Only

RECEIVED  
SECRETARY OF STATE  
**FILED**

99 SEP 10 AM 11:35

WILEY DARNELL  
SECRETARY OF STATE

LIMITED LIABILITY COMPANY CONTROL NUMBER (IF KNOWN) 0363840

PURSUANT TO THE PROVISIONS OF § 48A-9-104 OF THE TENNESSEE LIMITED LIABILITY COMPANY ACT, THE UNDERSIGNED ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS LIMITED LIABILITY COMPANY:

PLEASE MARK THE BLOCK THAT APPLIES:

☒ AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

☐ AMENDMENT IS TO BE EFFECTIVE, \_\_\_\_\_  
MONTH DAY YEAR

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

1. PLEASE INSERT THE NAME OF THE LIMITED LIABILITY COMPANY AS IT APPEARS ON RECORD:

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CITY

STATE/COUNTY

ZIP CODE

B. REGISTERED AGENT: \_\_\_\_\_

C. REGISTERED ADDRESS: \_\_\_\_\_

STREET

CITY

STATE

ZIP CODE

COUNTY

D. OTHER CHANGES:

3. THE AMENDMENT WAS DULY ADOPTED ON:

September  
MONTH

8

DAY

1999

YEAR

(NOTE: PLEASE MARK THE BLOCK THAT APPLIES)

☐ THE BOARD OF GOVERNORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED

☒ THE MEMBERS

*D. H. H. L.*

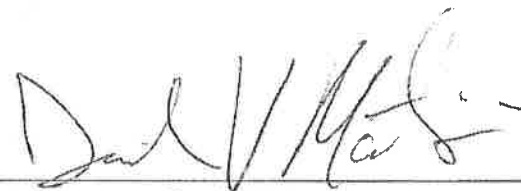


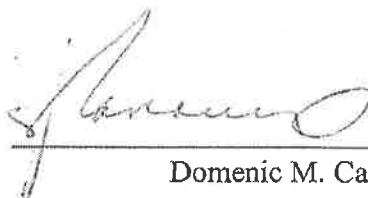
## WRITTEN CONSENT

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1. That the name of the limited liability company shall be changed to THE CENTER FOR ENT, LASER & COSMETIC SURGERY, L.L.C.

This 8<sup>th</sup> Day of September, 1999.

  
\_\_\_\_\_  
David V. Martini

  
\_\_\_\_\_  
Domenic M. Canonico

**LEASE AGREEMENT**

THIS LEASE AGREEMENT effective as of January 1, 2005, by and between **DOMENIC MICHAEL CANONICO FAMILY LIMITED PARTNERSHIP** ("Lessor"), and **THE CENTER FOR ENT, LASER & COSMETIC SURGERY, LLC** ("Lessee").

In consideration of the parties' respective representations, covenants and agreements herein contained, the Lessor and Lessee agree as follows:

1. **Leased Premises.** The Lessor hereby leases to the Lessee, and the Lessee leases from the Lessor, in accordance with the terms and conditions of this Agreement, the medical clinic AND surgery center building containing approximately 4041 square feet and land appurtenant thereto located at Building 2, 310 Coloredo Boulevard, Shelbyville, TN 37160 which shall hereinafter be referred to as the "Leased Premises."

2. **Lease Term.** The initial term of the Lease shall begin on January 1, 2005, and shall continue for seven (7) years from the Occupancy Date.

3. **Extension of Lease Term.** At Lessee's option, the Initial Term of this Lease may be extended for one successive seven year period upon the same terms and conditions except as to the rental rate which shall be at a rate which the then prevailing fair market rental by written notice from Lessee at least sixty (60) days prior to the expiration of the then current lease term, unless the Lease is otherwise terminated for Lessee's default as provided in Section 19 below. Each renewal term is referred to herein as a "Renewal Term."

4. **Holdover by Lessee.** In the event that the Lessee shall remain in possession of the leased premises beyond the expiration of the Initial Term or any subsequent Renewal Terms, such tenancy shall be deemed to be a holdover tenancy and thirty (30) days written notice will be required to terminate such holdover tenancy, otherwise the holdover tenancy shall be subject

to all the terms and conditions of this Lease. The holdover shall not continue beyond six months. It is the intent of the parties to this Lease to comply with all state and federal statutes, rules and regulations governing hospital-physician referrals, including, but not limited to Stark II legislation.

5. **Rental.** For the first year, the Lessee shall pay the Lessor monthly rental for use of the Leased Premises, in advance on the first day of each calendar month, in the amount of \$10,000 ("Rental Rate"), or prorated for each portion of a month. The Lessor and Lessee agree that this is the monthly fair rental value of full-time use of the Leased Premises as of the date hereof, but without consideration of the proximity of the Leased Premises to any source of patient referrals. Such Rental Rate shall be paid to the Lessor at the address contained in Section 21 below until such time as the Lessor shall notify the Lessee, in writing, of a different address to which the payment shall be sent. A pro rata rent payment shall be due, in advance, if the Initial Term or any subsequent Renewal Term, as the case may be, does not commence on the first day of the month, or does not expire on the last day of a month.

6. **No Inducement To Patient Referral.** No part of this Lease shall be construed to induce, encourage, solicit or reimburse the referral of any patients or business, including any patients or business funded in whole or in part by a federal or state healthcare program. The parties acknowledge that there is no requirement under this Lease or any other agreement between Lessor and Lessee that either Lessor or Lessee refer any patients to each other or any of their respective affiliates. No payment made under this Lease shall be in return for the referral of patients or business, including those paid in whole or in part by federal or state government programs. The parties intend to comply with all laws, rules and regulations pertaining to the subject matter of this Lease.

7. **Utilities.** The Lessee shall contract for all utility services required on the Leased Premises commencing on the Occupancy Date and continuing during the Lease Term.

8. **Taxes.** The Lessor shall pay all ad valorem real property taxes and assessments levied upon the Leased Premises. The Lessee shall pay all personal property taxes and assessments and all business taxes and license fees related to Lessee's use of the Leased Premises.

9. **Repairs and Maintenance.** The Lessee hereby agrees to maintain the non-structural portions of the interior of the Leased Premises at Lessee's own expense in a good state of repair. The Lessee agrees to make all repairs to the non-structural portions of the interior of the Leased Premises (including but not limited to floor covering and doors), except for HVAC equipment and non-exposed plumbing and wiring. The Lessor shall maintain the structure of the building, the exterior of the building, the roof, HVAC equipment, non-exposed plumbing and wiring, the parking lot and landscaping in a good state of repair. Lessor shall give notice to Lessee 24 hours prior to making repairs or inspections and will use reasonable efforts to make repairs at times that do not interfere with Lessee's medical practice.

10. **Insurance.** Lessee shall maintain fire and extended coverage insurance on the building and appurtenances located on the Leased Premises. Lessee shall be responsible for its personal property located in and upon the Leased Premises. Lessee shall further maintain and keep in full force and effect at Lessee's own expense during the Lease Term, and any holdover occupancy, a policy of comprehensive general liability insurance with a financially responsible insurer duly authorized to do business in the State of Tennessee, with a combined single limit of at least One Million Dollars (\$1,000,000.00) and limits of not less than One Million Dollars (\$1,000,000.00) with respect to personal injury or death and not less than One Million Dollars

(\$1,000,000.00) with respect to property damage, protecting against any loss to property or bodily injury to any person in or about the Leased Premises, occasioned by the negligent act or omission of Lessee, Lessor, their officers, agents, or employees. Such policy of liability insurance shall name the Lessor as an additional insured. At the request of the Lessor, the Lessee shall provide to the Lessor certificates of insurance evidencing the foregoing coverage and provisions.

11. **Improvements**. Lessee agrees that it will not make any significant alterations or additions to the Leased Premises, without first obtaining Lessor's written consent, with any such alterations or additions to be at Lessee's expense and to remain a portion of the Leased Premises upon expiration of the Lease Term. The Lessee shall submit all plans for signage on or about the Leased Premises to the Lessor for approval before installation. Trade fixtures and other equipment owned by the Lessee and installed on or within the Leased Premises by Lessee shall remain as personal property, and may be removed upon termination of the Lease only upon the condition that such removal does not diminish the value of the Leased Premises, and that any repairs necessary due to removal of such trade fixtures or equipment be made at its own expense.

12. **Fire or Other Casualty**. If the Leased Premises is damaged or destroyed by fire or other casualty insured under the fire insurance policy applicable to the Leased Premises, the Lessor shall, subject to the time that elapses due to adjustment of fire insurance, promptly and diligently use the insurance proceeds from such loss to repair and/or restore the Leased Premises to substantially the condition it was in immediately prior to such damage or destruction; provided however, that if the amount of the damage to the Leased Premises exceeds fifty percent (50%) of the value of the improvements on the Leased Premises (as valued by the Bedford County Tax Assessor), Lessor shall be under no obligation to repair or restore the

2012 OCT 15 PM 3: 04

Leased Premises and may terminate this Lease, and such termination shall be effective thirty (30) days after notice.

Lessor's obligation to repair or restore shall in no event exceed the scope of the improvements on the Leased Premises as they exist as of the date hereof. Lessee shall, subject to the time that elapses due to adjustment of fire insurance, replace and/or restore the furniture, equipment and trade fixtures, and other such improvements installed on the Leased Premises by the Lessee.

Rent payable under this Lease shall be abated proportionately according to the floor area of the improvements on the Leased Premises which is usable by the Lessee, and such abatement shall continue for the period commencing with such damage or destruction and ending with the completion by the Lessor of such work of repair and/or reconstruction as the Lessor is obligated to do. If however, the improvements on the Leased Premises shall be rendered wholly unusable by reason of such casualty, either Lessee or Lessor may terminate this Lease within thirty (30) days after such damage or destruction, by providing written notice of such decision, and such termination shall be effective thirty (30) days after the date of notice, and Lessee shall immediately surrender the Leased Premises to the Lessor.

13. Use of Premises. The Lessee agrees that the Leased Premises is to be used solely and exclusively for the practice of medicine and operation of an ambulatory surgery center by the Lessee, unless otherwise consented to in writing in advance by Lessor, at its sole and absolute discretion. Further, Lessee agrees that the Leased Premises shall be used and occupied in a careful, safe, proper and lawful manner, and that no nuisance, trade or custom which is unlawful shall be permitted therein, and that no waste shall be committed upon, nor any damage done to the Leased Premises, which is not repaired within a reasonable time. The Lessee's use

of the space shall at all times be in compliance with all applicable federal, state, and local laws, regulations, and rulings. The Lessor shall have neither responsibility for, nor right to control, the operation of the Lessee, the practice of medicine by any physician practicing on the Leased Premises, or the selection, retention, duties, performance of duties, or other actions of employees or volunteers of the Lessee.

14. **Change in Law.** If legislative, judicial, or regulatory change or determination, whether federal or state, has or would have a material adverse impact on either party in connection with the performance of this Lease, or if performance by either party of any term of this Lease should for any reason be deemed in the opinion of independent counsel (selected by mutual agreement of the parties, and at their equal expense) a violation of any law, state or federal, the affected party shall have the right to require the other party to renegotiate the terms of this Lease, such renegotiated terms to become effective not later than fifteen (15) days after receipt of written notice of such request for renegotiation. If the parties fail to reach an agreement satisfactory to both parties within fifteen (15) days after the receipt of the request for renegotiation, either party may terminate this Lease upon fifteen (15) days prior written notice to the other party, or sooner if required by law. Neither party will make payments under this agreement which would be prohibited by law.

15. **Condemnation.**

a. **Total Taking in the Event of Condemnation.** In the event of a taking of all or a substantial (defined as greater than one-half of the usable floor space of any improvements) part of the Leased Premises by any governmental authority under eminent domain proceedings, this Lease shall terminate on the date when the Leased Premises shall be so taken, and the rent shall be abated as of that date. No part of any award for the property and improvements shall belong

to the Lessee. However, the Lessee shall have the right to make a separate claim with the condemning authority for the value of the Lessee's leasehold interest and/or moving or relocation expenses; provided however, that such separate claim shall not reduce or adversely affect the amount of the Lessor's award.

b. **Partial Taking in the Event of Condemnation.** If any part (being less than a substantial part) of the Leased Premises shall be taken as aforesaid, and such partial taking shall render that portion not so taken unsuitable for the business of the Lessee, then this Lease shall terminate as set forth in subsection (a) above. If such partial taking is not sufficiently extensive to render the Leased Premises unsuitable for the business of the Lessee, then this Lease shall continue in effect except that the monthly rental payment shall be reduced in the same proportion that floor space of any improvements so taken bears to the original floor space leased; and Lessor shall, upon receipt of the award in condemnation, make all necessary repairs or alterations so as to constitute the Leased Premises a complete architectural unit, but in no event shall the Lessor be required to spend for such work an amount in excess of the net amount received by Lessor as damages for the part of the Leased Premises so taken.

If such partial taking shall be only to the unimproved portion of Leased Premises, then Lease shall continue in full force and effect as otherwise provided herein without any abatement in rent.

Lessee shall not be entitled to, and expressly waives, any claim or award for such taking, whether whole or partial, and whether for diminution in value of the leasehold or to the fee, or otherwise, except that Lessee shall have the right, to the extent permitted by law, and provides that the same shall not reduce Lessor's award, to claim from the condemning authority, but not



Lessor, such compensation as may be recoverable by Lessee in its own right for the damage to Lessee's business.

16. **Quiet Enjoyment.** Lessor covenants that it is seized and possessed of the Leased Premises and has the full right to enter into this Lease, and that the Lessee shall have the quiet and peaceful possession and enjoyment of the Leased Premises during the Lease Term, as against lawful acts of third parties and as against the acts of all parties claiming title to, or right to possession of, the Leased Premises.

17. **Surrender Upon Termination.** At the expiration of the Lease Term, Lessee shall surrender the Leased Premises in as good a condition as it was at the beginning of the Lease Term, reasonable use, wear and tear, and damages by fire, casualty, condemnation and the elements excepted. At such expiration, the Lessee shall have the right to remove any personal property owned by Lessee, provided however, that in so doing, the Lessee shall repair at its expense any damage caused by such removal so that the condition of the Leased Premises is restored to its condition as of the date hereof.

18. **Assignment and Subletting.** Lessee shall not have the right to assign or sublet the Leased Premises without the prior written consent of Lessor, which consent shall be at Lessor's sole and absolute discretion.

19. **Events of Default and Remedies.**

a. **Events of Default Defined.** The following shall be Events of Default under this Lease:

(1) Delinquency in the due and punctual payment of any rent or additional payment under this Lease when such rent shall become payable, and such default shall continue for fifteen (15) days after payment is due;

(2) Default by the Lessee or Lessor in the performance or compliance with any of the conditions or covenants contained in this Lease for a period of thirty (30)

days after written notice thereof from the non-defaulting party to the defaulting party, except for any default not susceptible of being cured within such thirty (30) day period, in which event the time permitted to cure such default shall be extended for so long as shall be reasonably necessary to cure such default, provided the Lessee or Lessor shall commence promptly and proceed diligently to cure such default, and provided further that such period of time shall not be so extended as to jeopardize the interest of the other party in this Lease or the Leased Premises or so as to subject the Lessor or the Lessee to any civil or criminal liabilities;

(3) The filing by the Lessee or Lessor of a voluntary petition in bankruptcy, or adjudication of either of the Lessee or Lessor as a bankruptcy, or assignment, partial or general, by the Lessee or Lessor for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee or Lessor in any proceeding for its reorganization instituted under the provisions of the United States Bankruptcy Act, as amended, or under any similar act which may hereafter be enacted; and

(4) The vacation, desertion or unoccupancy of the Leased Premises for a period of sixty (60) consecutive days.

b. **Remedies on Default.** Whenever any Event of Default shall have occurred, the Lessor may take any one or more of the following actions:

(1) Lessor may reenter and take possession of the Leased Premises without terminating this Lease, and sublease the Leased Premises for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder;

(2) The Lessor may terminate this Lease and demand and collect from Lessee an amount equal to the present value of the entire unpaid balance of Rent for the entire Lease Term, i.e. acceleration of all future rents due hereunder;

(3) The Lessor may terminate this Lease and exclude the Lessee from possession of the Leased Premises and may lease the Leased Premises to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such leasing and for the excess, if any, of the rent and other amounts payable by the Lessee under this Lease had the Lease Term or any renewal thereof not have been terminated over the rents and other amounts which are payable by such new lessee under such new lease; and

(4) The Lessor or Lessee may take whatever action is available in the enforcement of these remedies at law or in equity, and otherwise as may appear necessary or desirable to collect rents due, or to become due, or to enforce specific performance and observation of any obligation, agreement or covenant under this Lease.

c. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to either party is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and alternative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time as often as may be deemed expedient.

d. **Agreement to Pay Attorneys' Fees and Expenses.** In the event either party should default under the provisions of this Lease, and the non-defaulting party shall employ attorneys or incur other expenses for the collection of rent or the enforcement of any obligation or agreement on the part of either party herein contained, the defaulting party agrees that it will, on demand therefor, pay to the non-defaulting party the reasonable fee of such attorneys and such other reasonable expenses so incurred by the non-defaulting party.

e. **No Additional Waiver Implied By One Waiver.** In the event any agreement contained in this Lease should be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

20. **Right of Entry.** Lessor and/or its representatives may enter the Leased Premises at any reasonable time, before or after default by Lessee, for the purpose of taking possession after default, inspecting the Leased Premises, performing any work which the Lessor may

elect to undertake made necessary by reason of the Lessee's default under the terms of this Lease, exhibiting the Leased Premises for sale subject to this Lease, or posting any appropriate notices including those pertaining to availability for letting, but only during the last six (6) months of the Initial Term or Renewal Term, as the case may be. Such right of entry may be exercised by the Lessor or its representatives without the same constituting an eviction of the Lessee in whole or in part. Lessor shall give at least 24 hours notice to Lessee prior to an inspection and shall not unreasonably interfere with Lessee's practice of medicine at the Leased Premises.

21. **Notices.** Whenever this Lease requires that notice or demand be given or served on either party to this Lease, such notice or demand shall be in writing and shall be delivered personally or forwarded by certified mail or other nationally recognized mail courier service such as Federal Express, addressed as follows:

**LESSOR:**

Domenic Michael Canonico Family Limited Partnership

ATTN:

310 Colloredo Boulevard

Shelbyville, TN 37160

**LESSEE:**

CENTER FOR ENT, LASER & COSMETIC SURGERY, LLC

ATTN:

310 Colloredo Boulevard

Shelbyville, TN 37160

22. **Indemnity.** The Lessee shall indemnify the Lessor against all liabilities, expenses and losses incurred by the Lessor as a result of:

a. failure of the Lessee to perform any covenant required to be performed by the Lessee hereunder;

b. any accident, occurrence, injury or damage which shall happen in or about the Leased Premises or appurtenances, or resulting from the condition, maintenance or operation of the Leased Premises or any equipment located thereon, except due to Lessor's acts or omissions or due to duties undertaken by Lessor hereunder (unless Lessee failed to properly maintain insurance coverage as provided in Section 10 above);

c. the failure of the Lessee to comply with any requirements of any governmental authorities; and

d. any mechanics' lien, security agreement or mortgage filed with regard to the Leased Premises, for any materials used for repair or alteration of the Leased Premises incurred by Lessee. In the event any mechanics or materialmen's, furnishers or other liens shall be filed against the Leased Premises or any improvements or appurtenances thereon by reason of or arising out of any labor or material furnished or alleged to have been furnished to or for the Lessee at or on the Leased Premises the Lessee shall, within thirty (30) days after written notice from the Lessor, pay or bond the same or procure the discharge thereof in such manner as may be provided by law or cause other acts to be done which will provide reasonable assurance that the Leased Premises shall not be sold to satisfy any such lien. The Lessee shall defend on behalf of the Lessor, at the expense of Lessee, any action, suit or proceeding which may be brought for the enforcement of any such lien or liens or similar claims against the Leased Premises, and the Lessee shall pay any damage and discharge any judgment entered thereon and save harmless the Lessor from any claim or damage resulting therefrom

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23. Miscellaneous.

a. Amendments. This Lease contains the entire agreement and understanding between the parties with respect to the subject matter herein. There are no oral understandings, terms or conditions and no party hereto has relied upon any representations, express or implied, not

contained in this Lease. This Lease cannot be changed or supplemented orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

b. **Binding Effect.** All covenants, conditions and obligations contained herein or implied by law shall be binding upon the Lessor, the Lessee, their heirs, successors, legal representatives and assigns; provided however, in the event of a sale of the Leased Premises, Lessor shall be personally relieved of all obligations hereunder and the Lessee bound to such new owner as a lessor.

c. **Governing Law.** This Lease is prepared and entered into with the intention that the laws of the State of Tennessee shall govern its construction.

d. **Captions.** The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Lease.

e. **Severability.** If any provision of this Lease, for any reason, should be finally adjudged by any court of competent jurisdiction to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provision of this Lease. The unconstitutionality, invalidity or ineffectiveness of any one or more provisions or covenants contained in this Lease shall not relieve the Lessee from liability to make the payments of rent provided for in this Lease.

f. **Counterparts.** This Lease and any amendments hereto may be executed in multiple counterparts each of which shall be deemed an original and together shall constitute one and the same instrument.

g. **Successors and Assigns/Recording.** This Lease shall be binding upon the parties hereto, their respective heirs, personal representatives, successors and assigns. The parties agree to sign a short form memorandum of this Lease for the purpose of recording as provided under the laws of the State of Tennessee.

IN WITNESS WHEREOF, the parties have executed this Lease on the date first above written.

**LESSOR:**

Domenic Michael Canonico Family Limited Partnership

By: 

Title: owner

**LESSEE:**

CENTER FOR ENT, LASER & COSMETIC  
SURGERY, LLC.

By: 

Title: physician / owner

State of Tennessee, County of BEDFORD  
 Received for record the 11 day of  
 FEBRUARY 2005 at 3:45 PM. (RECH 104608)  
 Recorded in official records  
 Book D267 Pages 717- 718  
 State Tax \$ .00 Clerks Fee \$ .00  
 Recording \$ 12.00, Total \$ 12.00,  
 Register of Deeds JOHN H REED JR  
 Deputy Register DARLENE LITTELL

Prepared by:

Bobo, Hunt & White  
 202 Union Planters Bank Bldg.  
 Shelbyville, TN 37160

Domenic Michael Canonico  
 Family Limited Partnership  
 -Owner

310 Colorado Blvd  
Shelbyville TN 37160

Information contained in this Deed was  
 furnished by the parties.

Tax Responsibility:

same

This instrument was prepared without the  
 benefit of a title examination.

Map 781, Group A, Parcel 19.03 NC

### QUITCLAIM DEED

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other  
 good and valuable consideration, the receipt of all of which is hereby acknowledged,  
MARTIN CANON & COMPANY, LLC, has this day bargained and sold and does hereby  
 quitclaim and convey unto DOMENIC MICHAEL CANONICO FAMILY LIMITED  
PARTNERSHIP, a Tennessee limited partnership, its successors and/or assigns, all the right,  
 title, claim and interest which it might have in certain real estate lying and being in the Seventh  
 (7<sup>th</sup>) Civil District of Bedford County, Tennessee, more particularly described as follows:

Being all of Lot 2 of Canonico Subdivision Section 2 of record in Plat Cabinet  
 "B", Envelope 99, Register's Office of Bedford County, Tennessee, to which  
 reference is here made for a more definite description.

Being the same property conveyed to Martin Canon & Company, LLC, from  
 Domenic Michael Canonico and Toni M. Canonico, by Quitclaim Deed dated  
 January 30, 2003, of record in Deed Book 253, page 821, Register's Office of  
 Bedford County, Tennessee.

IN TESTIMONY WHEREOF, I have hereunto set my signature, this 11 day of

February, 2005.

MARTIN CANON & COMPANY, LLC

By: Toni Canonico

Title: General manager

LAW OFFICES  
 BOBO, HUNT & WHITE  
 202 UNION PLANTERS  
 BANK BLDG.  
 SHELBYVILLE, TN 37160

This 11<sup>th</sup> day of Feb 2005  
RONDA HELTON  
 Property Assessor-Dap. TA PC  
 Bedford County, Tennessee

BK D267 PG 717



STATE OF TENNESSEE,

COUNTY OF BEDFORD.

Personally appeared before the undersigned Notary Public in and for said State and County, the within named, Toni Canonico, with whom I am personally acquainted, and who acknowledged that he/she executed the foregoing instrument for the purposes therein contained, and who further acknowledged that he/she is the General Manager of MARTIN CANON & COMPANY, LLC, the bargainor, and is authorized by the limited liability company to execute this instrument on its behalf.

Witness my hand and official seal at office in Shelbyville, Tennessee, this 11<sup>th</sup> day of February, ~~2004~~ <sup>2005</sup>.

Shirley Neelley  
Notary Public



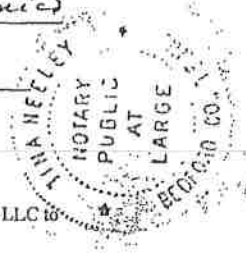
My commission expires: 2/21/06

I, or we, hereby swear or affirm that the actual consideration for the transfer or value of the property transferred, whichever is greater, is \$ 0.00, which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Subscribed and sworn to before me this the 11<sup>th</sup> day of February, 2005.

My commission expires: 2/21/06

Toni Canonico  
Affiant  
Shirley Neelley  
Notary Public or Registrar



F:\Our Documents\Debbie\05-0008 Miscellaneous\QC Deed Martin Canon & Co LLC to Canonico Family Ltd Partnership



## BEDFORD COUNTY, TENNESSEE

DISCLAIMER: THE MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS, AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.



... COMMERCIAL ...

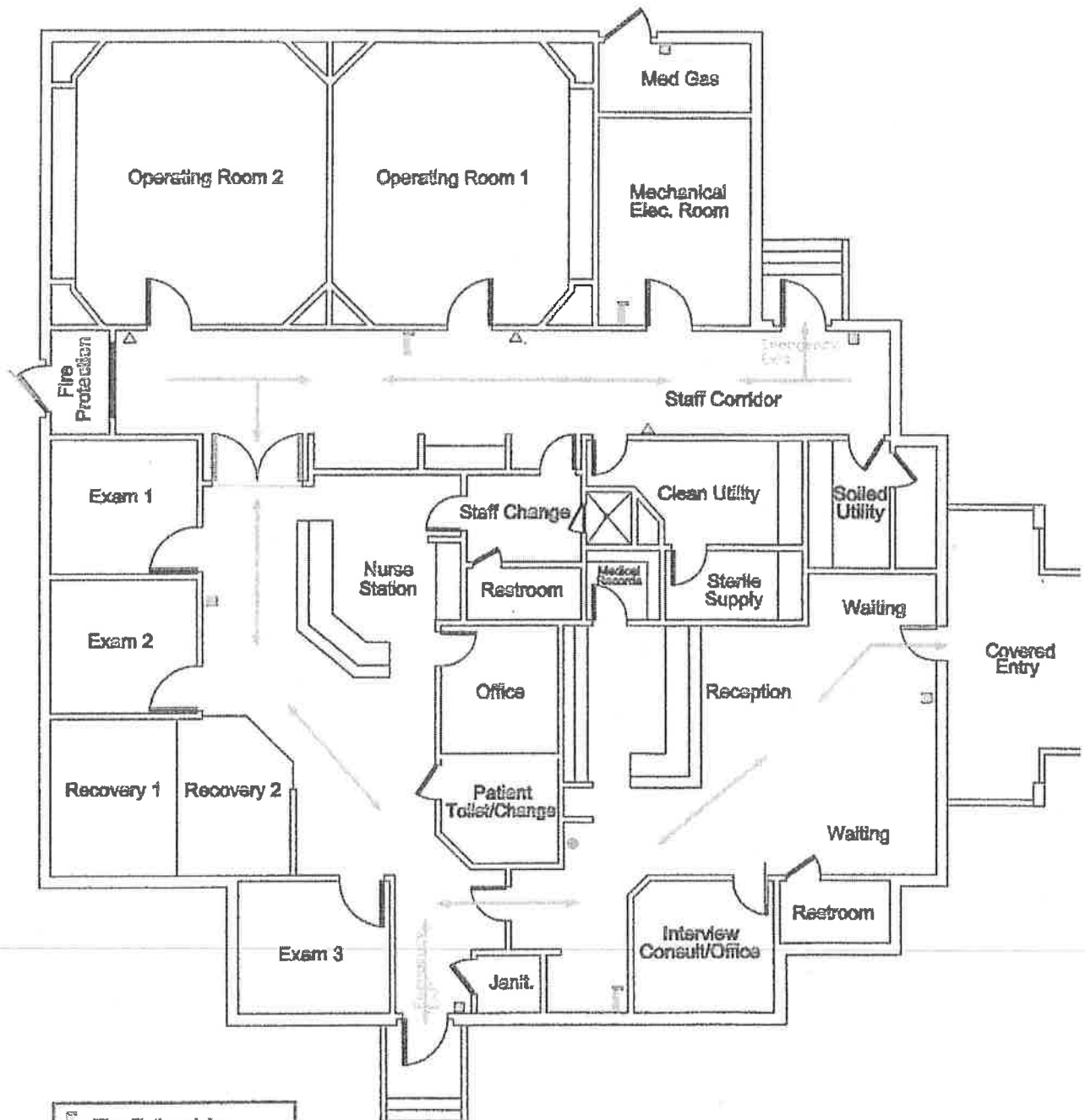
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\*\*\* COMMERCIAL \*\*\*

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State &amp; County QuickFacts

## Bedford County, Tennessee

People QuickFacts	Bedford County	Tennessee
Population, 2011 estimate	45,509	6,403,353
Population, 2010 (April 1) estimates base	45,058	6,346,110
Population, percent change, April 1, 2010 to July 1, 2011	1.0%	0.9%
Population, 2010	45,058	6,346,105
Persons under 5 years, percent, 2011	7.4%	6.3%
Persons under 18 years, percent, 2011	26.6%	23.3%
Persons 65 years and over, percent, 2011	13.4%	13.7%
Female persons, percent, 2011	50.5%	51.3%
White persons, percent, 2011 (a)	88.3%	79.5%
Black persons, percent, 2011 (a)	8.3%	16.9%
American Indian and Alaska Native persons, percent, 2011 (a)	0.7%	0.4%
Asian persons, percent, 2011 (a)	0.9%	1.5%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	0.2%	0.1%
Persons reporting two or more races, percent, 2011	1.6%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	11.6%	4.7%
White persons not Hispanic, percent, 2011	78.2%	75.4%
Living in same house 1 year & over, 2006-2010	89.0%	83.8%
Foreign born persons, percent, 2006-2010	7.8%	4.4%
Language other than English spoken at home, pct age 5+, 2006-2010	10.8%	6.2%
High school graduates, percent of persons age 25+, 2006-2010	74.2%	82.5%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	12.8%	22.7%
Veterans, 2006-2010	3,131	505,746
Mean travel time to work (minutes), workers age 16+, 2006-2010	25.0	23.9
Housing units, 2011	18,637	2,829,025
Homeownership rate, 2006-2010	68.6%	69.6%
Housing units in multi-unit structures, percent, 2006-2010	8.8%	18.1%
Median value of owner-occupied housing units, 2006-2010	\$114,400	\$134,100
Households, 2006-2010	16,005	2,443,475
Persons per household, 2006-2010	2.69	2.49
Per capita money income in past 12 months (2010 dollars) 2006-2010	\$18,471	\$23,722
Median household income 2006-2010	\$38,550	\$43,314
Persons below poverty level, percent, 2006-2010	21.7%	16.5%
Business QuickFacts	Bedford County	Tennessee
Private nonfarm establishments, 2010	738	131,582 <sup>1</sup>
Private nonfarm employment, 2010	11,744	2,264,032 <sup>1</sup>
Private nonfarm employment, percent change, 2000-2010	-13.6	-5.3 <sup>1</sup>
Nonemployer establishments, 2010	2,968	465,545
Total number of firms, 2007	3,958	545,348
Black-owned firms, percent, 2007	S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	S	0.5%
Asian-owned firms, percent, 2007	F	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	2.7%	1.6%
Women-owned firms, percent, 2007	20.6%	25.9%
Manufacturers shipments, 2007 (\$1000)	1,047,294	140,447,760

Merchant wholesaler sales, 2007 (\$1000)	D	80,116,528
Retail sales, 2007 (\$1000)	340,609	77,547,291
Retail sales per capita, 2007	\$7,649	\$12,563
Accommodation and food services sales, 2007 (\$1000)	35,265	10,626,759
Building permits, 2011	58	14,977

Geography QuickFacts	Bedford County	Tennessee
Land area in square miles, 2010	473.64	41,234.90
Persons per square mile, 2010	95.1	153.9
FIPS Code	003	47
Metropolitan or Micropolitan Statistical Area	Shelbyville, TN Micro Area	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report  
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State &amp; County QuickFacts

## Coffee County, Tennessee

People QuickFacts	Coffee County	Tennessee
Population, 2011 estimate	53,016	6,403,353
Population, 2010 (April 1) estimates base	52,796	6,346,110
Population, percent change, April 1, 2010 to July 1, 2011	0.4%	0.9%
Population, 2010	52,796	6,346,105
Persons under 5 years, percent, 2011	6.4%	6.3%
Persons under 18 years, percent, 2011	24.0%	23.3%
Persons 65 years and over, percent, 2011	16.0%	13.7%
Female persons, percent, 2011	51.4%	51.3%
White persons, percent, 2011 (a)	93.1%	79.5%
Black persons, percent, 2011 (a)	3.9%	16.9%
American Indian and Alaska Native persons, percent, 2011 (a)	0.4%	0.4%
Asian persons, percent, 2011 (a)	0.9%	1.5%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	Z	0.1%
Persons reporting two or more races, percent, 2011	1.6%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	3.9%	4.7%
White persons not Hispanic, percent, 2011	89.7%	75.4%
Living in same house 1 year & over, 2006-2010	86.7%	83.8%
Foreign born persons, percent, 2006-2010	3.0%	4.4%
Language other than English spoken at home, pct age 5+, 2006-2010	4.7%	6.2%
High school graduates, percent of persons age 25+, 2006-2010	81.4%	82.5%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	19.0%	22.7%
Veterans, 2006-2010	5,052	505,746
Mean travel time to work (minutes), workers age 16+, 2006-2010	22.9	23.9
Housing units, 2011	23,529	2,829,025
Homeownership rate, 2006-2010	72.3%	69.6%
Housing units in multi-unit structures, percent, 2006-2010	10.6%	18.1%
Median value of owner-occupied housing units, 2006-2010	\$119,200	\$134,100
Households, 2006-2010	20,869	2,443,475
Persons per household, 2006-2010	2.49	2.49
Per capita money income in past 12 months (2010 dollars) 2006-2010	\$20,737	\$23,722
Median household income 2006-2010	\$40,078	\$43,314
Persons below poverty level, percent, 2006-2010	17.5%	16.5%
Business QuickFacts	Coffee County	Tennessee
Private nonfarm establishments, 2010	1,220	131,582 <sup>1</sup>
Private nonfarm employment, 2010	19,616	2,264,032 <sup>1</sup>
Private nonfarm employment, percent change, 2000-2010	-8.9	-5.3 <sup>1</sup>
Nonemployer establishments, 2010	3,572	465,545
Total number of firms, 2007	5,398	545,348
Black-owned firms, percent, 2007	1.8%	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	S	0.5%
Asian-owned firms, percent, 2007	1.9%	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	S	1.6%
Women-owned firms, percent, 2007	S	25.9%
Manufacturers shipments, 2007 (\$1000)	D	140,447,760

Merchant wholesaler sales, 2007 (\$1000)	196,636	80,116,528
Retail sales, 2007 (\$1000)	790,849	77,547,291
Retail sales per capita, 2007	\$15,285	\$12,563
Accommodation and food services sales, 2007 (\$1000)	79,255	10,626,759
Building permits, 2011	62	14,977

<b>Geography QuickFacts</b>	<b>Coffee County</b>	<b>Tennessee</b>
Land area in square miles, 2010	428.96	41,234.90
Persons per square mile, 2010	123.1	153.9
FIPS Code	031	47
Metropolitan or Micropolitan Statistical Area	Tullahoma, TN Micro Area	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau; State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report  
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State &amp; County QuickFacts

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## Lincoln County, Tennessee

People QuickFacts	Lincoln County	Tennessee
Population, 2011 estimate	33,431	6,403,353
Population, 2010 (April 1) estimates base	33,361	6,346,110
Population, percent change, April 1, 2010 to July 1, 2011	0.2%	0.9%
Population, 2010	33,361	6,346,105
Persons under 5 years, percent, 2011	6.4%	6.3%
Persons under 18 years, percent, 2011	23.1%	23.3%
Persons 65 years and over, percent, 2011	16.9%	13.7%
Female persons, percent, 2011	51.2%	51.3%
White persons, percent, 2011 (a)	90.0%	79.5%
Black persons, percent, 2011 (a)	7.2%	16.9%
American Indian and Alaska Native persons, percent, 2011 (a)	0.5%	0.4%
Asian persons, percent, 2011 (a)	0.4%	1.5%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	0.1%	0.1%
Persons reporting two or more races, percent, 2011	1.8%	1.6%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	2.7%	4.7%
White persons not Hispanic, percent, 2011	87.7%	75.4%
Living in same house 1 year & over, 2006-2010	88.0%	83.8%
Foreign born persons, percent, 2006-2010	1.3%	4.4%
Language other than English spoken at home, pct age 5+, 2006-2010	2.5%	6.2%
High school graduates, percent of persons age 25+, 2006-2010	79.4%	82.5%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	15.8%	22.7%
Veterans, 2006-2010	2,822	505,746
Mean travel time to work (minutes), workers age 16+, 2006-2010	26.2	23.9
Housing units, 2011	15,323	2,829,025
Homeownership rate, 2006-2010	76.2%	69.6%
Housing units in multi-unit structures, percent, 2006-2010	8.6%	18.1%
Median value of owner-occupied housing units, 2006-2010	\$113,600	\$134,100
Households, 2006-2010	13,452	2,443,475
Persons per household, 2006-2010	2.40	2.49
Per capita money income in past 12 months (2010 dollars) 2006-2010	\$22,811	\$23,722
Median household income 2006-2010	\$42,962	\$43,314
Persons below poverty level, percent, 2006-2010	15.9%	16.5%
Business QuickFacts	Lincoln County	Tennessee
Private nonfarm establishments, 2010	595	131,582 <sup>1</sup>
Private nonfarm employment, 2010	6,685	2,264,032 <sup>1</sup>
Private nonfarm employment, percent change, 2000-2010	-8.2	-5.3 <sup>1</sup>
Nonemployer establishments, 2010	2,416	465,545
Total number of firms, 2007	2,511	545,348
Black-owned firms, percent, 2007	S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Asian-owned firms, percent, 2007	F	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	S	1.6%
Women-owned firms, percent, 2007	S	25.9%
Manufacturers shipments, 2007 (\$1000)	D	140,447,760

Merchant wholesaler sales, 2007 (\$1000)	147,507	80,116,528
Retail sales, 2007 (\$1000)	366,545	77,547,291
Retail sales per capita, 2007	\$11,198	\$12,563
Accommodation and food services sales, 2007 (\$1000)	26,170	10,626,759
Building permits, 2011	138	14,977

Geography QuickFacts	Lincoln County	Tennessee
Land area in square miles, 2010	570.34	41,234.90
Persons per square mile, 2010	58.5	153.9
FIPS Code	103	47
Metropolitan or Micropolitan Statistical Area	None	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

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Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report  
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## State &amp; County QuickFacts

## Tennessee

People QuickFacts	Tennessee	USA
Population, 2011 estimate	6,403,353	311,591,917
Population, 2010 (April 1) estimates base	6,346,110	308,745,538
Population, percent change, April 1, 2010 to July 1, 2011	0.9%	0.9%
Population, 2010	6,346,105	308,745,538
Persons under 5 years, percent, 2011	6.3%	6.5%
Persons under 18 years, percent, 2011	23.3%	23.7%
Persons 65 years and over, percent, 2011	13.7%	13.3%
Female persons, percent, 2011	51.3%	50.8%
White persons, percent, 2011 (a)	79.5%	78.1%
Black persons, percent, 2011 (a)	16.9%	13.1%
American Indian and Alaska Native persons, percent, 2011 (a)	0.4%	1.2%
Asian persons, percent, 2011 (a)	1.5%	5.0%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	0.1%	0.2%
Persons reporting two or more races, percent, 2011	1.6%	2.3%
Persons of Hispanic or Latino Origin, percent, 2011 (b)	4.7%	16.7%
White persons not Hispanic, percent, 2011	75.4%	63.4%
Living in same house 1 year & over, 2006-2010	83.8%	84.2%
Foreign born persons, percent, 2006-2010	4.4%	12.7%
Language other than English spoken at home, pct age 5+, 2006-2010	6.2%	20.1%
High school graduates, percent of persons age 25+, 2006-2010	82.5%	85.0%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	22.7%	27.9%
Veterans, 2006-2010	505,746	22,652,496
Mean travel time to work (minutes), workers age 16+, 2006-2010	23.9	25.2
Housing units, 2011	2,829,025	132,312,404
Homeownership rate, 2006-2010	69.6%	66.6%
Housing units in multi-unit structures, percent, 2006-2010	18.1%	25.9%
Median value of owner-occupied housing units, 2006-2010	\$134,100	\$188,400
Households, 2006-2010	2,443,475	114,235,996
Persons per household, 2006-2010	2.49	2.59
Per capita money income in past 12 months (2010 dollars) 2006-2010	\$23,722	\$27,334
Median household income 2006-2010	\$43,314	\$51,914
Persons below poverty level, percent, 2006-2010	16.5%	13.8%
Business QuickFacts	Tennessee	USA
Private nonfarm establishments, 2010	131,582 <sup>1</sup>	7,396,628
Private nonfarm employment, 2010	2,264,032 <sup>1</sup>	111,970,095
Private nonfarm employment, percent change, 2000-2010	-5.3 <sup>1</sup>	-1.8
Nonemployer establishments, 2010	465,545	22,110,628
Total number of firms, 2007	545,348	27,092,908
Black-owned firms, percent, 2007	8.4%	7.1%
American Indian- and Alaska Native-owned firms, percent, 2007	0.5%	0.9%
Asian-owned firms, percent, 2007	2.0%	5.7%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	0.1%	0.1%
Hispanic-owned firms, percent, 2007	1.6%	8.3%
Women-owned firms, percent, 2007	25.9%	28.8%
Manufacturers shipments, 2007 (\$1000)	140,447,760	5,338,306,501

Merchant wholesaler sales, 2007 (\$1000)	80,116,528	4,174,286,516
Retail sales, 2007 (\$1000)	77,547,291	3,917,663,456
Retail sales per capita, 2007	\$12,563	\$12,990
Accommodation and food services sales, 2007 (\$1000)	10,626,759	613,795,732
Building permits, 2011	14,977	624,061

Geography QuickFacts	Tennessee	USA
Land area in square miles, 2010	41,234.90	3,531,905.43
Persons per square mile, 2010	153.9	87.4
FIPS Code	47	

1: Includes data not distributed by county.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report  
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[Shortage Designation Home](#)**Find Shortage Areas**[HPSA & MUA/P by Address](#)[HPSA by State & County](#)[HPSA Eligible for the Medicare Physician Bonus Payment](#)**Criteria:**

State: Tennessee

County: Bedford County

ID #: All

**Results:** 1 records found.

Name	ID#	Type	Score	Designation Date	Update Date
Bedford County					
Bedford Service Area	03173	MUA	58.80	1978/11/01	

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## Criteria:

State: Tennessee

County: Coffee County

ID #: All

Results: 0 records found.

Name	ID#	Type	Score	Designation Date	Update Date
Coffee County No MUAs in this county.					

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[Shortage Designation Home](#)**Find Shortage Areas**[HPSA & MUA/P by Address](#)[HPSA by State & County](#)[HPSA Eligible for the Medicare Physician Bonus Payment](#)**Criteria:**State: Tennessee  
County: Lincoln County  
ID #: All

Results: 1 records found.

Name	ID#	Type	Score	Designation Date	Update Date
Lincoln County					
Lincoln Service Area	03209	MUA	53.40	1978/11/01	

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## Find Shortage Areas: HPSA by State & County

[Shortage Designation Home](#)[Find Shortage Areas](#)[HPSA & MUA/P by Address](#)[HPSA Eligible for the Medicare Physician Bonus Payment](#)[MUA/P by State & County](#)

Criteria:						
State: Tennessee		Discipline: Primary Medical Care				
County: Bedford County		Metro: All				
ID: All		Status: Designated				
Date of Last Update: All Dates		Type: All				
HPSA Score (lower limit): 0						
Results: 6 records found.						
(Satellite sites of Comprehensive Health Centers automatically assume the HPSA score of the affiliated grantee. They are not listed separately.)						
HPSA Name	ID	Type	FTE	# Short	Score	
003 - Bedford County						
Low Income - Bedford	1479994770	Population Group	2	3	10	
Bedford		Single County				
Wartrace Family Practice	14799947C9	Rural Health Clinic		0	0	
Lynette M Adams, M.D	14799947E8	Rural Health Clinic	0	0	1	
Bedford Urgent Care	14799947EA	Rural Health Clinic	0	0	2	
Unionville Family Practice	14799947EO	Rural Health Clinic	0	0	0	
Data as of: 10/6/2012						
<input type="button" value="NEW SEARCH"/>			<input type="button" value="MODIFY SEARCH CRITERIA"/>			

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## Find Shortage Areas: HPSA by State & County

[Shortage Designation Home](#)

### Find Shortage Areas

[HPSA & MUA/P by Address](#)[HPSA Eligible for the Medicare Physician Bonus Payment](#)[MUA/P by State & County](#)

<b>Criteria:</b>													
State: Tennessee	Discipline: Primary Medical Care												
County: Coffee County	Metro: All												
ID: All	Status: Designated												
Date of Last Update: All Dates	Type: All												
HPSA Score (lower limit): 0													
Results: 0 records found. (Satellite sites of Comprehensive Health Centers automatically assume the HPSA score of the affiliated grantee. They are not listed separately.)													
<table border="1"><thead><tr><th>HPSA Name</th><th>ID</th><th>Type</th><th>FTE</th><th># Short</th><th>Score</th></tr></thead><tbody><tr><td colspan="6">031 - Coffee County No HPSAs in this county.</td></tr></tbody></table>		HPSA Name	ID	Type	FTE	# Short	Score	031 - Coffee County No HPSAs in this county.					
HPSA Name	ID	Type	FTE	# Short	Score								
031 - Coffee County No HPSAs in this county.													
Data as of: 10/6/2012													
<div>NEW SEARCH</div> <div>MODIFY SEARCH CRITERIA</div>													

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U.S. Department of Health and Human Services

Health Resources and Services Administration

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## Find Shortage Areas: HPSA by State & County

[Shortage Designation Home](#)

### Find Shortage Areas

[HPSA & MUA/P by Address](#)[HPSA Eligible for the Medicare Physician Bonus Payment](#)[MUA/P by State & County](#)

#### Criteria:

State: Tennessee

County: Lincoln County

ID: All

Date of Last Update: All Dates

HPSA Score (lower limit): 0

Discipline: Primary Medical Care

Metro: All

Status: Designated

Type: All

Results: 0 records found.

(Satellite sites of Comprehensive Health Centers automatically assume the HPSA score of the affiliated grantee. They are not listed separately.)

HPSA Name	ID	Type	FTE	# Short	Score
103 - Lincoln County					
No HPSAs in this county.					

Data as of: 10/6/2012

NEW SEARCH

MODIFY SEARCH CRITERIA

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# Center for ENT, Laser & Cosmetic Surgery, L.L.C.

310 Colloredo Blvd., Suite B

Shelbyville, TN 37160

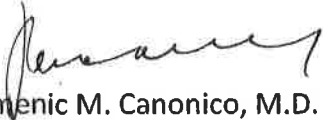
Phone (931) 684-3504 • Fax (931) 684-2962

October 5, 2012

To Whom It May Concern:

The project costs for The Center for ENT, Laser & Cosmetic Surgery, LLC to expand services to include orthopedic and podiatry surgery will be funded by the Center for ENT, Laser & Cosmetic Surgery, LLC.

Sincerely,



Domenic M. Canonico, M.D.

ENT LASER& COSMETIC SURGERY LLC

FINANCIAL STATEMENTS

JUNE 30, 2012

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DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
COOKEVILLE, TN.

DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
228 E. BROAD ST., SUITE 200  
COOKEVILLE, TN. 38501

ACCOUNTANT'S COMPILATION REPORT

AUGUST 24, 2012

TO THE MEMBER'S OF  
ENT, LASER & COSMETIC SURGERY, LLC

WE HAVE COMPILED THE ACCOMPANYING STATEMENT OF ASSETS, LIABILITIES, AND MEMBER'S EQUITY - INCOME TAX BASIS OF ENT, LASER & COSMETIC SURGERY, LLC, AS OF JUNE 30, 2012 AND THE RELATED STATEMENT OF REVENUES AND EXPENSES - INCOME TAX BASIS FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR PROVIDE ANY ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE IN ACCORDANCE WITH THE INCOME TAX BASIS OF ACCOUNTING.

MANAGEMENT IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH THE INCOME TAX BASIS OF ACCOUNTING AND FOR DESIGNING, IMPLEMENTING, AND MAINTAINING INTERNAL CONTROL RELEVANT TO THE PREPARATION AND FAIR PRESENTATION OF FINANCIAL STATEMENTS.

OUR RESPONSIBILITY IS TO CONDUCT THE COMPILATION IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE OBJECTIVE OF A COMPILATION IS TO ASSIST MANAGEMENT IN PRESENTING FINANCIAL INFORMATION IN THE FORM OF FINANCIAL STATEMENTS WITHOUT UNDERTAKING TO OBTAIN OR PROVIDE ANY ASSURANCE THAT THERE ARE NO MATERIAL MODIFICATIONS THAT SHOULD BE MADE TO THE FINANCIAL STATEMENTS.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES ORDINARILY INCLUDED IN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INCOME TAX BASIS OF ACCOUNTING. IF THE OMITTED DISCLOSURES WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE COMPANY'S ASSETS, LIABILITIES, EQUITY, REVENUES AND EXPENSES. ACCORDINGLY, THE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.

WE ARE NOT INDEPENDENT WITH RESPECT TO ENT LASER  
& COSMETIC SURGERY, LLC.

*Duncan, Wheeler & Wilkerson, P.C.*

ENT LASER& COSMETIC SURGERY LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
COOKEVILLE, TN.



DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
228 E. BROAD ST., SUITE 200  
COOKEVILLE, TN. 38501

ACCOUNTANT'S COMPILATION REPORT

FEBRUARY 6, 2012

TO THE MEMBERS OF  
ENT LASER& COSMETIC SURGERY LLC

WE HAVE COMPILED THE ACCOMPANYING STATEMENT OF ASSETS, LIABILITIES, AND EQUITY OF ENT LASER& COSMETIC SURGERY LLC AS OF DECEMBER 31, 2011 AND T  
RELATED STATEMENT OF REVENUES AND EXPENSES-INCOME TAX BASIS  
FOR THE THREE MONTHS AND THE TWELVE MONTHS ENDED DECEMBER 31, 2011  
AND 2010. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING  
FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION  
OR PROVIDE ANY ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE IN  
ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED  
STATES OF AMERICA.

THE OWNER IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION  
OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES  
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND FOR DESIGNING,  
IMPLEMENTING, AND MAINTAINING INTERNAL CONTROL RELEVANT TO THE PREPARATION  
AND FAIR PRESENTATION OF FINANCIAL STATEMENTS.

OUR RESPONSIBILITY IS TO CONDUCT THE COMPILATION IN ACCORDANCE WITH  
STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES  
ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.  
THE OBJECTIVE OF A COMPILATION IS TO ASSIST MANAGEMENT IN  
PRESENTING FINANCIAL INFORMATION IN THE FORM OF FINANCIAL  
STATEMENTS WITHOUT UNDERTAKING TO OBTAIN OR PROVIDE  
ANY ASSURANCE THAT THERE ARE NO MATERIAL MODIFICATIONS THAT SHOULD  
BE MADE TO THE FINANCIAL STATEMENTS.

MANAGEMENT HAS ELECTED TO OMIT ALL OF THE DISCLOSURES REQUIRED  
BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES  
OF AMERICA. IF THE OMITTED DISCLOSURES WERE INCLUDED IN THE FINANCIAL  
STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE  
COMPANY'S FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS.  
ACCORDINGLY, THE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO  
ARE NOT INFORMED ABOUT SUCH MATTERS.

WE ARE NOT INDEPENDENT WITH RESPECT TO ENT LASER  
& COSMETIC SURGERY, LLC.

*Duncan, Wheeler & Wilkerson, P.C.*

ENT LASER& COSMETIC SURGERY LLC  
STATEMENT OF REVENUES AND EXPENSES  
INCOME TAX BASIS  
FOR THE THREE MONTHS  
AND THE TWELVE MONTHS ENDED  
DECEMBER 31, 2011

2012 OCT 15 PM 3:04

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	AMOUNT	PCT.	AMOUNT	PCT.
NET PROFESSIONAL FEES	\$88,816.26	100.00 %	\$499,420.65	100.00 %
OPERATING EXPENSES				
PERSONNEL EXPENSE	23,254.79	26.18	114,521.70	22.93
CONTRACT LABOR	181.25	.20	181.25	.04
OTHER OUTSIDE SERVICES	10,307.09	11.60	32,484.59	6.50
MALPRACTICE INSURANCE	4,207.00	4.74	8,370.00	1.68
RENT	30,000.00	33.78	120,000.00	24.03
UTILITIES	9,110.13	10.26	26,644.96	5.34
DEPRECIATION	642.43	.72	18,149.90	3.63
REPAIRS & MAINTENANCE	4,894.26	5.51	34,492.54	6.91
MAINTENANCE CONTRACTS	1,852.29	2.09	9,718.93	1.95
BANK CHARGES	219.51	.25	506.61	.10
✓ OFFICE SUPPLIES	1,120.02	1.26	2,626.85	.53
ADVERTISING	556.34	.63	1,356.34	.27
TRAVEL EXPENSE	470.22	.53	3,302.89	.66
MEALS	60.85	.07	314.66	.06
TELEPHONE	.00	.00	371.68	.07
CONTINUING EDUCATION	58.50	.07	11,992.94	2.40
PRACTICE DEVELOPMENT	164.36	.19	2,415.83	.48
AUTO EXPENSE	225.35	.25	320.00	.06
POSTAGE	44.00	.05	62.04	.01
✓ SURGICAL/MEDICAL SUPPLIES	20,364.78	22.93	68,948.85	13.81
DUES AND SUBSCRIPTIONS	625.00	.70	2,318.50	.46
OTHER INSURANCE	.00	.00	2,761.00	.55
TAXES & LICENSES	.00	.00	1,380.00	.28
LEGAL & PROFESSIONAL	.00	.00	4,610.95	.92
ACCOUNTING FEES	2,575.00	2.90	2,575.00	.52
MISCELLANEOUS	75.00	.08	526.55	.11
REIMBURSED EXPENSES	11,006.44	12.39	61,598.12	12.33
TOTAL OPERATING EXPENSES	122,014.61	137.38	532,552.68	106.63
INCOME (LOSS) FROM OPERATIONS	(33,198.35)	(37.38)	(33,132.03)	(6.63)
OTHER INCOME & (EXPENSE)				
INCOME (LOSS) BEFORE TAXES	(33,198.35)	(37.38)	(33,132.03)	(6.63)
NET INCOME (LOSS)	\$ (33,198.35)	(37.38) %	\$ (33,132.03)	(6.63) %
SEE ACCOUNTANTS' COMPILATION REPORT				

ENT LASER& COSMETIC SURGERY LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
COOKEVILLE, TN.

DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
228 E. BROAD ST., SUITE 200  
COOKEVILLE, TN. 38501

ACCOUNTANT'S COMPILATION REPORT

MARCH 3, 2011

TO THE MEMBERS OF  
ENT LASER& COSMETIC SURGERY LLC

WE HAVE COMPILED THE ACCOMPANYING STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY-CASH BASIS OF ENT LASER& COSMETIC SURGERY LLC AS OF DECEMBER 31, 2010 AND THE RELATED STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID FOR THE THREE MONTHS AND THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR PROVIDE ANY ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

THE OWNER IS RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND FOR DESIGNING, IMPLEMENTING, AND MAINTAINING INTERNAL CONTROL RELEVANT TO THE PREPARATION AND FAIR PRESENTATION OF FINANCIAL STATEMENTS.

OUR RESPONSIBILITY IS TO CONDUCT THE COMPILATION IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE OBJECTIVE OF A COMPILATION IS TO ASSIST MANAGEMENT IN PRESENTING FINANCIAL INFORMATION IN THE FORM OF FINANCIAL STATEMENTS WITHOUT UNDERTAKING TO OBTAIN OR PROVIDE ANY ASSURANCE THAT THERE ARE NO MATERIAL MODIFICATIONS THAT SHOULD BE MADE TO THE FINANCIAL STATEMENTS.

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MANAGEMENT HAS ELECTED TO OMIT ALL OF THE DISCLOSURES REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. IF THE OMITTED DISCLOSURES WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSIONS ABOUT THE COMPANY'S FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CASH FLOWS. ACCORDINGLY, THE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.

WE ARE NOT INDEPENDENT WITH RESPECT TO ENT LASER & COSMETIC SURGERY, LLC.

*Duncan, Wheeler & Wilkerson P.C.*

ENT LASER& COSMETIC SURGERY LLC  
STATEMENT OF REVENUE COLLECTED  
AND EXPENSES PAID  
FOR THE THREE MONTHS  
AND THE TWELVE MONTHS ENDED  
DECEMBER 31, 2010

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	AMOUNT	PCT.	AMOUNT	PCT.
NET PROFESSIONAL FEES	<u>\$153,034.19</u>	<u>100.00 %</u>	<u>\$675,986.83</u>	<u>100.00 %</u>
OPERATING EXPENSES				
PERSONNEL EXPENSE	33,911.70	22.16	123,692.50	18.30
CONTRACT LABOR	.00	.00	1,176.50	.17
OTHER OUTSIDE SERVICES	8,369.88	5.47	22,738.73	3.36
MALPRACTICE INSURANCE	.00	.00	4,662.00	.69
RENT	30,000.00	19.60	120,000.00	17.75
UTILITIES	9,528.68	6.23	28,753.53	4.25
DEPRECIATION	57.50	.04	414.49	.06
SECTION 179 EXPENSE	2,911.95	1.90	35,049.95	5.19
REPAIRS & MAINTENANCE	1,833.97	1.20	13,693.58	2.03
MAINTENANCE CONTRACTS	1,801.20	1.18	7,645.44	1.13
BANK CHARGES	83.90	.05	636.24	.09
OFFICE SUPPLIES	1,583.63	1.03	3,882.42	.57
ADVERTISING	500.00	.33	1,175.00	.17
TRAVEL EXPENSE	1,732.73	1.13	1,808.37	.27
MEALS	98.38	.06	210.01	.03
CONTINUING EDUCATION	3,315.10	2.17	3,465.10	.51
PRACTICE DEVELOPMENT	.00	.00	650.00	.10
AUTO EXPENSE	170.20	.11	170.20	.03
POSTAGE	.00	.00	15.09	.00
SURGICAL/MEDICAL SUPPLIES	18,102.04	11.83	61,091.94	9.04
DUES AND SUBSCRIPTIONS	166.67	.11	1,184.39	.18
TAXES & LICENSES	334.00	.22	4,222.25	.62
LEGAL & PROFESSIONAL	.00	.00	2,649.05	.39
ACCOUNTING FEES	2,575.00	1.68	4,593.05	.68
MISCELLANEOUS	1,679.53	1.10	2,671.91	.40
REIMBURSED EXPENSES	<u>28,358.00</u>	<u>18.53</u>	<u>173,304.40</u>	<u>25.64</u>
TOTAL OPERATING EXPENSES	<u>147,114.06</u>	<u>96.13</u>	<u>619,556.14</u>	<u>91.65</u>
INCOME (LOSS) FROM OPERATIONS	5,920.13	3.87	56,430.69	8.35
OTHER INCOME & (EXPENSE)				
INCOME (LOSS) BEFORE TAXES	<u>5,920.13</u>	<u>3.87</u>	<u>56,430.69</u>	<u>8.35</u>
NET INCOME (LOSS)	<u>\$5,920.13</u>	<u>3.87 %</u>	<u>\$56,430.69</u>	<u>8.35 %</u>

SEE ACCOUNTANTS' COMPILATION REPORT

ENT LASER& COSMETIC SURGERY LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2009

---

DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
COOKEVILLE, TN.

DUNCAN, WHEELER & WILKERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
228 E. BROAD ST., SUITE 200  
COOKEVILLE, TN. 38501

JANUARY 24, 2010

TO THE MEMBERS OF  
ENT LASER& COSMETIC SURGERY LLC

WE HAVE COMPILED THE ACCOMPANYING STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY-CASH BASIS OF ENT LASER& COSMETIC SURGERY LLC AS OF DECEMBER 31, 2009 AND THE RELATED STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID FOR THE THREE MONTHS AND THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008 IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THIS FINANCIAL STATEMENT HAS BEEN PREPARED ON THE CASH BASIS OF ACCOUNTING, WHICH IS A COMPREHENSIVE BASIS OF ACCOUNTING OTHER THAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

MANAGEMENT HAS ELECTED TO OMIT SUBSTANTIALLY ALL OF THE DISCLOSURES ORDINARILY INCLUDED IN FINANCIAL STATEMENTS PREPARED ON THE CASH BASIS OF ACCOUNTING. IF THE OMITTED DISCLOSURES WERE INCLUDED IN THE FINANCIAL STATEMENTS, THEY MIGHT INFLUENCE THE USER'S CONCLUSION ABOUT THE COMPANY'S FINANCIAL POSITION. ACCORDINGLY, THESE FINANCIAL STATEMENTS ARE NOT DESIGNED FOR THOSE WHO ARE NOT INFORMED ABOUT SUCH MATTERS.

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WE ARE NOT INDEPENDENT WITH RESPECT TO ENT LASER  
& COSMETIC SURGERY, LLC.

*Duncan, Wheeler & Wilkerson P.C.*

ENT LASER& COSMETIC SURGERY LLC  
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
DECEMBER 31, 2009

\*\*\*\*\* A S S E T S \*\*\*\*\*

CURRENT ASSETS	
CASH	\$86,902.80
ACCOUNTS RECEIVABLE	<u>6,176.34</u>
TOTAL CURRENT ASSETS	<u>93,079.14</u>
PROPERTY, PLANT & EQUIPMENT	
EQUIPMENT	89,301.39
LEASEHOLD IMPROVEMENTS	13,642.30
OTHER DEPRECIABLE ASSETS	<u>3,000.00</u>
	<u>105,943.69</u>
LESS: ACCUMULATED DEPRECIATION	<u>(101,054.52)</u>
	<u>4,889.17</u>
	<u>\$97,968.31</u>
	=====

\*\*\*\* L I A B I L I T I E S    A N D    E Q U I T Y \*\*\*\*

CURRENT LIABILITIES	
PAYABLE ENT	\$1,121.48
PAYABLE CITI MASTERCARD	<u>9,459.36</u>
TOTAL CURRENT LIABILITIES	<u>10,580.84</u>
LONG-TERM DEBT LESS CURR. PORTION	
TOTAL LIABILITIES	<u>10,580.84</u>

---

EQUITY	
CAPITAL CONTRIBUTION-CANONICO	56,994.99
CURRENT YEAR NET INCOME (LOSS)	<u>30,392.48</u>
TOTAL EQUITY	<u>87,387.47</u>
	<u>\$97,968.31</u>
	=====

SEE ACCOUNTANTS' COMPILATION REPORT



ENT LASER& COSMETIC SURGERY LLC  
STATEMENT OF REVENUE COLLECTED  
AND EXPENSES PAID  
FOR THE THREE MONTHS  
AND THE TWELVE MONTHS ENDED  
DECEMBER 31, 2009

	----CURRENT PERIOD----		-----YEAR TO DATE-----	
	AMOUNT	PCT.	AMOUNT	PCT.
NET PROFESSIONAL FEES	<u>\$142,705.34</u>	<u>100.00 %</u>	<u>\$663,542.05</u>	<u>100.00 %</u>
OPERATING EXPENSES				
PERSONNEL EXPENSE	43,543.27	30.51	122,738.10	18.50
CONTRACT LABOR	464.70	.33	3,392.93	.51
OTHER OUTSIDE SERVICES	11,532.65	8.08	31,634.00	4.77
RENT	30,000.00	21.02	120,000.00	18.08
UTILITIES	7,629.42	5.35	29,162.99	4.40
DEPRECIATION	(3,897.20)	(2.73)	4,227.14	.64
SECTION 179 EXPENSE	6,058.11	4.25	6,058.11	.91
REPAIRS & MAINTENANCE	12,741.96	8.93	23,395.04	3.53
MAINTENANCE CONTRACTS	2,304.07	1.61	9,420.09	1.42
BANK CHARGES	142.50	.10	543.62	.08
OFFICE SUPPLIES	736.41	.52	2,794.89	.42
ADVERTISING	.00	.00	772.00	.12
TRAVEL EXPENSE	820.56	.58	1,814.40	.27
MEALS	546.11	.38	596.11	.09
CONTINUING EDUCATION	277.45	.19	5,110.45	.77
PRACTICE DEVELOPMENT	92.74	.06	666.33	.10
POSTAGE	70.57	.05	111.69	.02
SURGICAL/MEDICAL SUPPLIES	25,166.81	17.64	72,923.47	10.99
DUES AND SUBSCRIPTIONS	.00	.00	551.72	.08
OTHER INSURANCE	2,839.00	1.99	11,206.00	1.69
TAXES & LICENSES	227.00	.16	3,029.25	.46
LEGAL & PROFESSIONAL	4,025.00	2.82	15,855.00	2.39
ACCOUNTING FEES	.00	.00	650.00	.10
MISCELLANEOUS	.00	.00	49.36	.01
REIMBURSED EXPENSES	<u>35,059.20</u>	<u>24.57</u>	<u>166,446.88</u>	<u>25.08</u>
TOTAL OPERATING EXPENSES	<u>180,380.33</u>	<u>126.40</u>	<u>633,149.57</u>	<u>95.42</u>
INCOME (LOSS) FROM OPERATIONS	(37,674.99)	(26.40)	30,392.48	4.58
OTHER INCOME & (EXPENSE)				
INCOME (LOSS) BEFORE TAXES	<u>(37,674.99)</u>	<u>(26.40)</u>	<u>30,392.48</u>	<u>4.58</u>
NET INCOME (LOSS)	<u>\$ (37,674.99)</u>	<u>(26.40) %</u>	<u>\$30,392.48</u>	<u>4.58 %</u>
	=====	=====	=====	=====

SEE ACCOUNTANTS' COMPILATION REPORT

ENT LASER& COSMETIC SURGERY LLC  
STATEMENT OF REVENUES AND EXPENSES  
INCOME TAX BASIS  
FOR THE THREE MONTHS  
AND THE SIX MONTHS ENDED  
JUNE 30, 2012

OCT 15 PM 3:04

	-----CURRENT PERIOD-----		-----YEAR TO DATE-----	
	AMOUNT	PCT.	AMOUNT	PCT.
NET PROFESSIONAL FEES	<u>\$134,024.06</u>	<u>100.00 %</u>	<u>\$281,309.66</u>	<u>100.00 %</u>
OPERATING EXPENSES				
PERSONNEL EXPENSE	40,182.99	29.98	69,623.76	24.75
OTHER OUTSIDE SERVICES	16,469.42	12.29	25,169.78	8.95
RENT	30,000.00	22.38	60,000.00	21.33
UTILITIES	6,275.26	4.68	8,669.29	3.08
DEPRECIATION	158.10	.12	2,545.29	.90
REPAIRS & MAINTENANCE	7,124.21	5.32	13,316.70	4.73
MAINTENANCE CONTRACTS	927.75	.69	6,051.27	2.15
BANK CHARGES	124.72	.09	234.82	.08
OFFICE SUPPLIES	1,531.16	1.14	1,891.92	.67
ADVERTISING	.00	.00	550.00	.20
TRAVEL EXPENSE	292.84	.22	292.84	.10
MEALS	304.72	.23	490.01	.17
TELEPHONE	.00	.00	131.69	.05
CONTINUING EDUCATION	1,082.40	.81	1,584.25	.56
PRACTICE DEVELOPMENT	845.10	.63	909.75	.32
SURGICAL/MEDICAL SUPPLIES	23,201.10	17.31	37,013.76	13.16
DUES AND SUBSCRIPTIONS	981.00	.73	1,131.00	.40
OTHER INSURANCE	.00	.00	2,555.00	.91
TAXES & LICENSES	2,400.00	1.79	9,094.98	3.23
ACCOUNTING FEES	1,250.00	.93	1,250.00	.44
MISCELLANEOUS	.00	.00	200.01	.07
REIMBURSED EXPENSES	<u>24,302.28</u>	<u>18.13</u>	<u>37,603.32</u>	<u>13.37</u>
TOTAL OPERATING EXPENSES	<u>157,453.05</u>	<u>117.48</u>	<u>280,309.44</u>	<u>99.64</u>
INCOME (LOSS) FROM OPERATIONS	(23,428.99)	(17.48)	1,000.22	.36
OTHER INCOME & (EXPENSE)				
INCOME (LOSS) BEFORE TAXES	<u>(23,428.99)</u>	<u>(17.48)</u>	<u>1,000.22</u>	<u>.36</u>
NET INCOME (LOSS)	<u>\$ (23,428.99)</u>	<u>(17.48) %</u>	<u>\$1,000.22</u>	<u>.36 %</u>
	=====	=====	=====	=====

SEE ACCOUNTANTS' COMPILATION REPORT

ENT LASER& COSMETIC SURGERY LLC  
STATEMENT OF ASSETS, LIABILITIES, AND MEMBER'S EQUITY-INCOME TAX BASIS  
JUNE 30, 2012

\*\*\*\*\* A S S E T S \*\*\*\*\*

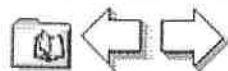
CURRENT ASSETS	
CASH	\$53,112.75
ACCOUNTS RECEIVABLE	15,348.21
TOTAL CURRENT ASSETS	<u>68,460.96</u>
PROPERTY, PLANT & EQUIPMENT	
EQUIPMENT	87,756.78
LEASEHOLD IMPROVEMENTS	13,642.30
OTHER DEPRECIABLE ASSETS	3,000.00
	<u>104,399.08</u>
LESS: ACCUMULATED DEPRECIATION	<u>(100,620.69)</u>
	<u>3,778.39</u>
	\$72,239.35
	=====

\*\*\*\* L I A B I L I T I E S    A N D    M E M B E R ' S    E Q U I T Y \*

CURRENT LIABILITIES	
PAYABLE ENT	\$181.25
PAYABLE TO CFLP	2,250.00
TOTAL CURRENT LIABILITIES	<u>2,431.25</u>
LONG-TERM DEBT LESS CURR. PORTION	
TOTAL LIABILITIES	<u>2,431.25</u>
MEMBER'S EQUITY	
CAPITAL CONTRIBUTION-CANONICO	68,807.88
CURRENT YEAR NET INCOME (LOSS)	1,000.22
TOTAL EQUITY	<u>69,808.10</u>
	\$72,239.35
	=====

SEE ACCOUNTANTS' COMPILATION REPORT

## TENNESSEE OCCUPATIONAL WAGES



## Total all industries BOS area 470002, Tennessee

### Healthcare Practitioners and Technical Occupations

Occupation	Occ. code	Est. empl.	Mean wage	Entry wage	Exp. wage	25th pct	Median wage	75th pct
<b>HEALTHCARE PRACTITIONERS AND TECHNICAL OCCUPATIONS</b>	29-0000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A
Dentists, General	29-1021	N/A	132,390	84,160	156,510	88,600	130,070	145,700
			63.65	40.45	75.25	42.60	62.55	70.05
Dietitians and Nutritionists	29-1031	40	43,690	31,630	49,720	34,600	41,090	49,740
			21.00	15.20	23.90	16.65	19.75	23.90
Optometrists	29-1041	N/A	96,780	84,260	103,050	81,410	87,110	92,800
			46.55	40.50	49.55	39.15	41.90	44.60
Pharmacists	29-1051	410	105,920	79,850	118,950	97,000	110,850	126,280
			50.90	38.40	57.20	46.65	53.30	60.70
Family and General Practitioners	29-1062	60	201,690	137,750	233,670	159,730	183,820	>\$145,600
			96.95	66.20	112.35	76.80	88.40	>\$70
Internists, General	29-1063	N/A	226,770	150,920	>\$145,600	175,960	>\$145,600	>\$145,600
			109.00	72.55	>\$70	84.60	>\$70	>\$70
Surgeons	29-1067	20	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A
Physicians and Surgeons, All Other	29-1069	230	222,130	143,700	>\$145,600	161,670	>\$145,600	>\$145,600
			106.80	69.10	>\$70	77.75	>\$70	>\$70
Physician Assistants	29-1071	N/A	85,870	53,470	102,070	65,430	79,170	93,890
			41.30	25.70	49.05	31.45	38.05	45.15
Registered Nurses	29-1111	2,410	57,760	42,060	65,610	46,840	55,000	65,750
			27.75	20.20	31.55	22.50	26.45	31.60
Occupational Therapists	29-1122	N/A	79,650	65,980	86,490	69,650	79,680	90,010
			38.30	31.70	41.60	33.50	38.30	43.25
Physical Therapists	29-1123	180	86,590	62,780	98,490	71,330	85,520	98,540
			41.65	30.20	47.35	34.30	41.10	47.40
Recreational Therapists	29-1125	10	24,910	18,860	27,940	20,960	25,710	28,790
			12.00	9.05	13.45	10.10	12.35	13.85
Respiratory Therapists	29-1126	160	48,150	40,950	51,750	41,710	46,020	54,310
			23.15	19.70	24.90	20.05	22.10	26.10
Speech-Language Pathologists	29-1127	130	58,850	40,630	67,950	44,610	54,320	72,280
			28.30	19.55	32.65	21.45	26.10	34.75
Veterinarians	29-1131	90	79,060	43,910	96,640	45,350	64,890	85,530
			38.00	21.10	46.45	21.80	31.20	41.10
Audiologists	29-1181	N/A	64,540	50,340	71,640	52,650	58,200	71,780
			31.05	24.20	34.45	25.30	28.00	34.50
Medical and Clinical Laboratory Technologists	29-2011	130	55,210	44,810	60,410	47,620	54,610	61,160
			26.55	21.55	29.05	22.90	26.25	29.40

Medical and Clinical Laboratory Technicians	29-2012	260	37,690	28,280	42,390	30,830	39,480	44,530
			18.10	13.60	20.40	14.80	19.00	21.40
Dental Hygienists	29-2021	180	55,170	36,230	64,640	38,070	50,040	69,170
			26.50	17.40	31.10	18.30	24.05	33.25
Cardiovascular Technologists and Technicians	29-2031	20	52,150	43,000	56,720	46,520	52,830	58,220
			25.05	20.65	27.25	22.35	25.40	28.00
Diagnostic Medical Sonographers	29-2032	70	59,940	44,210	67,800	49,230	59,230	70,070
			28.80	21.25	32.60	23.65	28.50	33.70
Nuclear Medicine Technologists	29-2033	N/A	56,110	43,670	62,330	46,810	55,990	65,880
			27.00	21.00	29.95	22.50	26.90	31.65
Radiologic Technologists and Technicians*	29-2037	390	45,760	33,680	51,790	37,140	44,960	54,230
			22.00	16.20	24.90	17.85	21.60	26.05
Emergency Medical Technicians and Paramedics	29-2041	450	33,020	22,650	38,210	24,390	31,140	40,390
			15.90	10.90	18.35	11.70	14.95	19.40
Dietetic Technicians	29-2051	100	18,460	16,920	19,230	16,810	18,190	19,600
			8.90	8.15	9.25	8.10	8.75	9.45
Pharmacy Technicians	29-2052	540	26,850	21,220	29,660	22,660	26,580	30,320
			12.90	10.20	14.25	10.90	12.80	14.60
Respiratory Therapy Technicians	29-2054	N/A	39,320	29,560	44,200	34,190	40,720	45,720
			18.90	14.20	21.25	16.45	19.60	22.00
Surgical Technologists	29-2055	150	35,230	27,720	38,990	29,500	34,140	38,540
			16.95	13.35	18.75	14.20	16.40	18.55



Entry and Experienced wages represent the mean of the lower third and the mean of the upper two-thirds of the wage distribution respectively. The OES survey does not collect information for entry or experienced workers. Tennessee Department of Labor & Workforce Development, Employment Security Division, Labor Market Information. Publish date May 2012.

## TENNESSEE OCCUPATIONAL WAGES



2012 OCT 15 PM 3: 04

**Total all industries**  
**BOS area 470002, Tennessee**

**Healthcare Support Occupations**

Occupation	Occ. code	Est. empl.	Mean wage	Entry wage	Exp. wage	25th pct	Median wage	75th pct
<b>HEALTHCARE SUPPORT OCCUPATIONS</b>	31-0000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A
Home Health Aides	31-1011	N/A	18,800	16,690	19,850	16,790	18,370	21,090
			9.05	8.05	9.55	8.05	8.85	10.15
Nursing Aides, Orderlies, and Attendants	31-1012	1,810	20,050	16,810	21,670	17,420	19,630	22,640
			9.65	8.10	10.40	8.35	9.45	10.90
Psychiatric Aides	31-1013	250	17,170	16,740	17,380	16,440	17,580	18,730
			8.25	8.05	8.35	7.90	8.45	9.00
Occupational Therapist Assistants	31-2011	10	53,680	46,630	57,200	48,600	53,840	58,900
			25.80	22.40	27.50	23.35	25.90	28.30
Physical Therapist Assistants	31-2021	70	63,290	39,380	75,240	45,220	60,650	84,200
			30.45	18.95	36.15	21.75	29.15	40.50
Physical Therapist Aides	31-2022	40	20,740	16,830	22,700	17,940	20,680	23,470
			9.95	8.10	10.90	8.60	9.95	11.30
Dental Assistants	31-9091	240	32,140	25,620	35,400	26,900	31,930	37,010
			15.45	12.30	17.00	12.95	15.35	17.80
Medical Assistants	31-9092	490	26,460	20,720	29,330	22,050	25,570	29,210
			12.70	9.95	14.10	10.60	12.30	14.05
Medical Transcriptionists	31-9094	60	36,580	26,460	41,640	28,410	33,170	37,590
			17.60	12.70	20.00	13.65	15.95	18.05
Pharmacy Aides	31-9095	20	17,970	16,730	18,590	16,540	17,830	19,120
			8.65	8.05	8.95	7.95	8.55	9.20
Veterinary Assistants and Laboratory Animal Caretakers	31-9096	140	22,290	17,140	24,860	16,920	18,530	31,630
			10.70	8.25	11.95	8.15	8.90	15.20
Healthcare Support Workers, All Other*	31-9799	150	26,360	21,120	28,970	21,810	24,440	29,260
			12.65	10.15	13.95	10.50	11.75	14.05



Entry and Experienced wages represent the mean of the lower third and the mean of the upper two-thirds of the wage distribution respectively. The OES survey does not collect information for entry or experienced workers. Tennessee Department of Labor & Workforce Development, Employment Security Division, Labor Market Information. Publish date May 2012.

# Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000128

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*  
THE CENTER FOR ENT, LASER & COSMETIC SURGERY, LLC  
*to conduct and maintain*

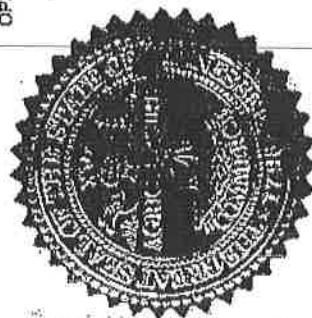
*an Ambulatory Surgical Treatment Center* THE CENTER FOR ENT, LASER & COSMETIC SURGERY, LLC

*Located at* 310 COLLOREDO BLVD., SUITE B, SHELBYVILLE

*County of* BEDFORD, Tennessee.

*This license shall expire* MAY 27, 2013, *and is subject*  
*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,*  
*and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the*  
*laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*  
*In Witness Whereof, we have hereunto set our hand and seal of the State this* 1ST *day of* JULY, 2012.

EAR, NOSE, THROAT  
 PLASTIC SURGERY  
 OPHTHALMOLOGY



*By* Theresa J. Davison, MPH  
 DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By* John J. Dyer  
 COMMISSIONER



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
**DIVISION OF HEALTH CARE FACILITIES**  
**WEST TENNESSEE REGIONAL OFFICE**

2975 Highway 45 Bypass, Suite C  
Jackson, Tennessee 38305  
Telephone: (731) 984-9684  
Fax: (731) 512-0063

March 26, 2012

Ms. Linda Anderton, Administrator  
The Center for ENT, Laser & Cosmetic Surgery LLC  
310 Coloredo Boulevard, Suite B  
Shelbyville, TN 37160

**RE: Recertification Survey**  
**CCN 440001127**

Dear Ms. Anderton:

The West Tennessee Regional Office of Health Care Facilities conducted a recertification survey at your facility **March 21, 2012**. We are pleased to inform you that **no deficiencies were cited** on the survey. A copy of the results is enclosed for your records.

Thank you for your cooperation shown during the survey. If we may be of assistance to you, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "Diane Carter".

Diane Carter, RN, LNCC  
Public Health Nurse Consultant II

*pm*  
PDC/pm

Enclosure



PRINTED: 03/28/2012  
FORM APPROVED  
OMB NO. 0938-0391

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE		TITLE	(X0) DATE
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FORM CMS-2567(02-99) Previous Versions Obsolete

Event ID: CP6511

Facility ID: TNP535128

If continuation sheet Page 1 of 1

9/24/2012

2012 OCT 15 PM 3:04



ACCREDITATION ASSOCIATION  
for AMBULATORY HEALTH CARE, INC.

February 23, 2010

Organization #: 87021 Accreditation Expires: December 2, 2012  
Organization: The Center for ENT, Laser & Cosmetic Surgery, LLC  
Address: 310 Colorado Boulevard, Suite B  
City, State, Zip: Shelbyville, TN 37166  
Decision Recipient: Dominic M. Capomaco, MD Survey Chair: Texas Gustavson, RN, BSN  
Survey Contact: Linda Anderson, RN  
Survey Dates: December 2, 2009

It is a pleasure to inform you that the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC) Accreditation Committee has awarded The Center for ENT, Laser & Cosmetic Surgery, LLC, a three-year term of accreditation.

Granting accreditation reflects confidence, based on evidence from this recent survey that you meet, and will continue to demonstrate throughout the accreditation term, the attributes of an accreditable organization as reflected in the standards found in the *Accreditation Handbook for Ambulatory Health Care*. The dedication and effort necessary for an organization to be accredited is substantial and the compliance with those standards implies a commitment to continual self-evaluation and continuous improvement.

Members of your organization should take time to review the enclosed Survey Report.

- Any standard marked "PC" (Partially Compliant) or "NC" (Non-Compliant) must be corrected promptly. Subsequent surveys by the AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
- The Summary Table provides an overview of compliance for each chapter applicable to the organization. Emphasis for attention should be given to chapters marked "PC" (Partially Compliant) or "NC" (Non-Compliant).
- As a guide to the ongoing process of self-evaluation, periodically review the Survey Report to ensure the organization's ongoing compliance with the standards throughout the term of accreditation.
- Statements in the "Consultative Comments" sections of the report represent the educational component of the survey. Such comments may provide suggested approaches for correcting identified deficiencies.

AAAHC policies and procedures and standards are revised on an annual basis, such revisions become effective March 1 each year. Accredited organizations are required to maintain their operations in compliance with the current AAAHC standards and policies. Therefore, the organization is encouraged to visit the AAAHC website, [www.aaahc.org](http://www.aaahc.org), for information pertaining to any revisions to AAAHC policies and procedures and standards.

We hope the survey has been beneficial to your organization in identifying its strengths and opportunities to improve. AAAHC trusts that you will continue to find the accreditation experience meaningful, not only from the benefit of having carefully reviewed your own operation, but also from the recognition brought forth by your participation in this survey process.

If you have any questions or comments about any portion of the accreditation process, please contact the AAAHC Accreditation Services department at (847) 855-6060.



ACCREDITATION ASSOCIATION  
for AMBULATORY HEALTH CARE, INC.

2012 OCT 15 PM 3:04

February 23, 2010

Organization #: 87021 Accreditation Expires: December 2, 2012  
Organization: The Center for ENT, Laser & Cosmetic Surgery, LLC  
Address: 310 Colorado Boulevard, Suite B  
City, State, Zip: Shelbyville, TN 37160  
Decision Recipient: Domestica M. Canonica, MD Survey Chair: Texas Gustafson, RN, BSN  
Survey Contact: Linda Anderson, RN  
Survey Dates: December 2, 2009

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STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
741-2364

December 3, 2012

E. Graham Baker, Jr., Esq.  
2021 Richard Jones Road  
Nashville, TN 37215

RE: Certificate of Need Application -- The Center for ENT, Laser & Cosmetic Surgery, LLC -  
CN1210-054

Dear Mr. Baker:

This is to acknowledge the November 29, 2012 receipt of supplemental information to your application for a Certificate of Need for the addition of orthopedic and podiatry surgery to the existing surgery center which is limited to ENT, plastic, and ophthalmic procedures. The project cost is \$93,000.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on December 1, 2012. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 27, 2013.

E. Graham Baker, Jr., Esq.  
December 3, 2012  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

MMH:MAB

cc: Tere Hendricks, Director, Division of Health Statistics




STATE OF TENNESSEE  
HEALTH SERVICES AND DEVELOPMENT AGENCY

500 Deaderick Street  
Suite 850  
Nashville, Tennessee 37243  
741-2364

MEMORANDUM

TO: Tere Hendricks, Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Cordell Hull Building, 6th Floor  
425 Fifth Avenue North  
Nashville, Tennessee 37247

FROM:   
Melanie M. Hill  
Executive Director

DATE: December 3, 2012

RE: Certificate of Need Application  
The Center for ENT, Laser & Cosmetic Surgery, LLC - CN1210-054

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on December 1, 2012 and end on February 1, 2013.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:MAB

Enclosure

cc: E. Graham Baker, Jr., Esq.



2012 OCT 10 AM 10: 59

## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Shelbyville Times-Gazette which is a newspaper of general  
(Name of Newspaper)

circulation in Bedford County, Tennessee, on or before October 10, 2012 for one day.  
(County) (Month / day) (Year)

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that The Center for ENT, Laser & Cosmetic Surgery, LLC, 310 Colloredo Blvd., Suite B, Shelbyville (Bedford County), Tennessee 37160 ("Applicant") owned and managed by itself, intends to file a Certificate of Need application for the addition of orthopedic and podiatry surgery. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. It is proposed that the Applicant will continue to serve Medicare, Medicaid, commercially insured, and private-pay patients, and the Applicant will continue to be licensed by the Tennessee Department of Health. The estimated project cost is anticipated to be approximately \$200,000.00.

The anticipated date of filing the application is: October 15, 2012..

The contact person for this project is E. Graham Baker, Jr., Attorney who may be reached at 2021 Richard Jones Road, Suite 350, Nashville, TN 37215, 615/370-3380.

The contact person for this project is E. Graham Baker, Jr. Attorney  
(Contact Name) (Title)

who may be reached at: his office at 2021 Richard Jones Road, Suite 350  
(Company Name) (Address)

Nashville TN 37215 615/370-3380  
(City) (State) (Zip Code) (Area Code / Phone Number)

E. Graham Baker, Jr. October 10, 2012 graham@grahambaker.net  
(Signature) (Date) (E-mail Address)

=====

**The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:**

**Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

\* The project description must address the following factors:

1. General project description, including services to be provided or affected.
2. Location of facility: street address, and city/town.

3. Total number of beds affected, licensure proposed for such beds, and intended uses.
4. Major medical equipment involved.
5. Health services initiated or discontinued.
6. Estimated project costs.
7. For home health agencies, list all counties in proposed/licensed service area.

HF0051 (Revised 7/02 – all forms prior to this date are obsolete)



# **Copy**

## **Supplemental #1**

**The Center for ENT, Laser, &  
Cosmetic Surgery**

### **CN1210-054**

WEEKS & ANDERSON

*An Association of Attorneys*

2021 RICHARD JONES ROAD, SUITE 350

NASHVILLE, TENNESSEE 37215-2874

TELEPHONE 615/383-3331

FACSIMILE 615/383-3480

**SUPPLEMENTAL- # 1**

**November 26, 2012**

**03:10pm**

NOV 27 PM 3 15

KENT M. WEEKS  
ROBERT A. ANDERSON

F. B. MURPHY, JR.  
E. GRAHAM BAKER, JR.

DIRECT TELEPHONE NUMBER: 615/370-3380

November 27, 2012

Mark A. Farber  
Assistant Executive Director  
Tennessee Health Services & Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

RE: Supplemental Information: Certificate of Need Application CN1210-054  
The Center for ENT, Laser, & Cosmetic Surgery

Dear : Mark:

Enclosed are three (3) copies of responses to your supplemental questions regarding the referenced Certificate of Need application. If you have any additional questions, please contact me.

Sincerely,

  
E. Graham Baker, Jr.  
/np

Enclosures as noted

**AFFIDAVIT**

2012 NOV 27 PM 3 15

STATE OF TENNESSEE  
COUNTY OF DAVIDSON

NAME OF FACILITY: The Center for ENT, Laser, & Cosmetic Surgery (CN1210-054)

I, E. Graham Baker, Jr., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge, information and belief.

E. Graham Baker, Jr. Attorney at Law  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this 27<sup>th</sup> day of November, 2012; witness my hand at office in the County of Davidson, State of Tennessee.

Nadean E. Poteet  
NOTARY PUBLIC

My Commission expires May 6, 2013



1. **Section A, Item 13**

**Are there other TennCare MCOs available in the service area other than the ones mentioned by the applicant?**

**Response:** According to the TennCare website, AmeriChoice, AmeriGroup and TennCare Select operate in this section of Tennessee. We have contracts with AmeriGroup and TennCare Select. AmeriChoice is actually now called Community Plan. It is administered by UHC so it is referred to as UHC Community Plan, with which we also have a contract.

**2. Section B, Item II. (Project Description)**

**What is the square footage of each of the operating rooms? Will these rooms be large enough to accommodate the equipment needed to perform orthopedic surgeries? Will all types of orthopedic surgery be performed or will it be limited to certain types of orthopedic surgery.**

**Response:** The two existing operating rooms (403 GSF each) are large enough to accommodate the equipment needed to perform orthopedic surgeries. The largest single piece of equipment is the C-Arm. All types of orthopedic surgery will be performed, so long as such surgery can be performed in an outpatient setting.

**According to the applicant facility's Joint Annual Report (JAR) the ASTC has essentially only performed ENT procedures for at least the past four years. Why has the applicant facility not performed laser, cosmetic, or ophthalmologic surgery in the last several years?**

**Response:** Ophthalmologic surgery was performed at our center a few years ago. At that time, we found the revenue margin to be low due to relatively low utilization and our having to lease mobile ophthalmology equipment at that time. That particular ophthalmologist left the county. Currently, the only ophthalmologist in Bedford County has a main office in Tullahoma and we believe he utilizes an ASTC there. He has been approached about doing procedures at our facility and apparently has no interest. The local optometrists are referring to an ophthalmologist who is doing cases at a Smyrna hospital.

The only plastic surgeon in Bedford County in the past few years is leaving the area. One (general/cosmetic) surgeon was on our staff, but he could not perform general surgery at our center. He evidently decided to perform all of his surgeries elsewhere until he left the area in 2011.

The current JAR for July 1, 2011 – June 30, 2012 will reflect cosmetic surgery cases that have been performed during that reporting period.

**Since the applicant facility has not been providing these types of surgery, what is the rationale to add orthopedic and podiatric surgery?**

**Response:** Since the establishment of this ASTC, many surgeons in the area have requested to perform procedures in an outpatient setting. Several reasons were given, including but not limited to, physician preference (ease of scheduling and providing the service), patient preference (not having to go to the hospital, thereby avoiding scheduling problems and higher costs/co-pays), and insurance provider preference (lower costs than procedures performed in a hospital setting). On one occasion, the Applicant applied for and was granted a CON to remove its limitations, and become a multi-specialty. As would be expected, the local hospital opposed that application, and petitioned for a contested case on the matter. Ultimately, the Applicant decided to voluntarily surrender the approved CON. At the same time, the hospital agreed to allow the Applicant to add the 2<sup>nd</sup> OR and add ophthalmology, since the emphasis on removing the limitations was to allow a local ophthalmologist to perform outpatient surgeries at our ASTC.

Over time, the hospital “moved” to a new location and attempted to improve the scheduling of surgeries at the hospital. Over that same time, it became apparent that local surgeons and their patients were still having similar if not the same problems as just mentioned above. Two local surgeons – one an orthopedic surgeon and the other a podiatrist – have very active practices and have repeatedly asked the Applicant to allow their respective surgeries to be performed at our ASTC. Obviously, such requires approval of a Certificate of Need. The instant application is that request.

Several surgeons who wanted to perform surgeries at our ASTC have left the area and no longer practice in Shelbyville. For example, Dr. Harris, a general/cosmetic surgeon, was on staff briefly from Oct – Dec 2011 but then moved to Seattle due to lack of cosmetic cases and the fact he could not supplement his income with general surgery cases at our center.

**What are the applicant’s recruitment plans to bring orthopedists and podiatrists onto the ASTC’s medical staff? Does the applicant intend to recruit plastic surgeons and/or ophthalmologists to utilize the ASTC? Please complete the following chart:**

**Current and Proposed Applicant ASTC Medical Staff**

Physician Name	Specialty	Current Staff (Yes or No)	Proposed Staff (Yes or No)	Admitting Privileges at Local Hospital (Yes or No)
Domenic Canonico, MD	ENT	Yes	Yes	Yes
Wayne Mosley, MD	Orthopedics	No	Yes	Yes
Russell Oliver, MD	Podiatry	No	Yes	Yes

**Response:** The chart above has been completed. Dr. Canonico is the only surgeon on staff at present. There are no immediate plans to actively recruit more surgeons to the active staff of the Applicant’s ASTC, other than the two mentioned surgeons. As more surgeons locate to the area, such surgeons will be allowed to apply for staff privileges with the Applicant, provided the Applicant has been approved to allow such procedures to be performed and other expected preliminary review and approval by the medical community.

**According to the applicant’s 2011 JAR there were 374 patients that had 1,789 ENT Procedures. That works out to 4.78 procedures per patient. Please explain why there are this many procedures per patient.**

**Response:** Ninety percent of the procedures that are performed in ENT are bilateral procedures and there are numerous CPT codes involving the paranasal sinuses. Therefore, one patient might, and usually will, have several procedures performed during one encounter.

**3. Section C, Need Item 1 (Specific Criteria –ASTC) 1.d.**

**Please provide this information in terms of cases/encounters.**

**Response:** Please see following charts by cases/encounters for pages 1 & 2 of Specific Criteria:

**The Center for ENT, Laser & Cosmetic Surgery, LLC**

County/Facility	ORs	# Pts	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>					
Center for ENT, Laser, Cosmetic	2	374	4,463	3,128	1,135

**Patient Charge Data/Utilization, ASTCs  
Service Area, 2011**

County/Facility	ORs	# Pts	Avg Pts/OR	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>						
Center for ENT, Laser, Cosmetic	2	374	187	4,463	3,128	1,335
<b>Coffee</b>						
Center for Day Surgery	1	1,193	1,193	2,847	1,990	857
Crown Surgery Center	4	274	69	2,703	1,802	901
Tullahoma Surgery Center	3	5,079	1,693	1,764	1,079	685
Community Cancer Center*	N/A	N/A	N/A	N/A	N/A	N/A

*Source: Applicant reflects Calendar Year Data, Joint Annual Reports for ASTCs, 2011  
(no ASTCs in Lincoln County)*

*\* Not Applicable, as this facility is a radiation oncology center*

*Note: The above charts are based on the total number of patients seen, not the number of procedures*

**4. Section C, Need Item 1 (Specific Criteria –ASTC) 3.**

**Please provide the following information:**

**Approximate distance and travel time to Applicant Facility**

<b>Hospital</b>	<b>Travel Time</b>	<b>Distance (Miles)</b>
Heritage Medical Center	11 mins	5.5
Harton Regional Medical Center	25 mins	16.5
United Regional Medical Center	45 mins	29.4
Medical Center of Manchester	45 mins	33.8
Lincoln Medical Center	38 mins	27.2

**Response:** The chart above is completed. It is noteworthy that Heritage Medical Center built a new facility equidistance from Shelbyville (where the “old” hospital was located) and the Rutherford County line. In effect, the “new” hospital is closer to Murfreesboro than many Bedford County residents.



**5. Section C, Need Item 1 (Specific Criteria –ASTC) 4**

**Please provide this information in terms of cases/encounters.**

**Response:** Please see following chart by cases/encounters for page 5 of Specific Criteria:

**Patient Charge Data/Utilization, ASTCs  
Service Area, 2011**

County/Facility	ORs	# Pts	Avg Pts/OR	\$ Avg Gross	\$ Avg Deduct	\$ Avg Net
<b>Bedford</b>						
Center for ENT, Laser, Cosmetic	2	374	187	4,463	3,128	1,335
<b>Coffee</b>						
Center for Day Surgery	1	1,193	1,193	2,847	1,990	857
Crown Surgery Center	4	274	69	2,703	1,802	901
Tullahoma Surgery Center	3	5,079	1,693	1,764	1,079	685
Community Cancer Center*	N/A	N/A	N/A	N/A	N/A	N/A

*Source: Applicant reflects Calendar Year Data, Joint Annual Reports for ASTCs, 2011  
(no ASTCs in Lincoln County)*

*\* Not Applicable, as this facility is a radiation oncology center*

*Note: The above chart is based on the total number of patients seen, not the number of procedures*

**6. Section C, Need Item 1 (Specific Criteria –ASTC) 5**

**Please provide this information in terms of cases/encounters.**

**Response:** Please see following chart by cases/encounters for page 6 of Specific Criteria:

**Utilization Data, Hospital Outpatient Surgery  
Service Area, 2011**

County/Facility	ORs	Ded OP ORs	# Pts	Avg Pts/OR	# Encounters (4)
<b>Bedford</b>					
Heritage Medical Center	3	1	2,349	783	2,349
<b>Coffee</b>					
Harton Regional Medical Center (1)	7	2	5,816	831	5,816
Medical Center of Manchester (2)	2	2	492	246	492
United Regional Medical Center (3)	2	3	533	267	533
<b>Lincoln</b>					
Lincoln Medical Center	2	0	770	385	770

*Source: Joint Annual Reports for Hospitals, 2011 Provisional, Outpatient Only, for Patients*

*NOTES: (1) Harton Regional Medical Center reported (on JARs) 7 inpatient plus 2 dedicated outpatient surgery suites. Contact indicated that it has a total of 9 operating rooms, with 2 being dedicated to outpatient surgery.*

*(2) Medical Center of Manchester reported (on JARs) 2 total ORs, with both being dedicated to Outpatient Surgery, yet performed surgery on inpatients. Contact indicated a total of 2 ORs, and both inpatient and outpatient surgeries are scheduled in both ORs.*

*(3) United Regional Medical Center reported (on JARs) 2 inpatient plus 3 outpatient ORs on JARs, yet when contacted stated they had a total of 2 ORs – one sterile OR plus one clean procedure room.*

*(4) The Applicant understands that the number of patients is equal to the number of encounters, and above figures are so reported.*

**7. Section C, Need Item 1 (Specific Criteria –ASTC) 7**

**Please provide this information in terms of cases/encounters.**

**Response:** The Applicant conservatively projects seeing 602 and 646 patients during the next two years of operation. Based on those projections, the quarterly projections would be as follows:

1 <sup>st</sup>	144	5 <sup>th</sup>	160
2 <sup>nd</sup>	146	6 <sup>th</sup>	161
3 <sup>rd</sup>	152	7 <sup>th</sup>	162
4 <sup>th</sup>	160	8 <sup>th</sup>	163

**8. Section C, Need Item 4.A.**

**Please revise your projected population totals to reflect Year 2016.**

**TennCare enrollee information for the service area counties was not included.  
Please provide this information.**

**Response:** Please see charts below:

**Population Estimates/TennCare Enrollees  
for Primary Service Area and State of Tennessee**

State/County	2014 Pop.	2016 Pop.	2014–2016 Change	TennCare Enrollees
Bedford	49,718	51,282	3.2%	10,562
Coffee	55,790	56,774	1.8%	11,065
Lincoln	34,548	34,940	1.1%	6,607
Service Area	140,056	142,996	2.1%	23,234
Tennessee	6,470,546	6,575,165	1.6%	1,206,538

*Source: Population Estimates and Projections, Tennessee Counties and the State, 2010-2020, Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health; TennCare Enrollees as of March 15, 2012 (latest data)*

**Population 65+ for Primary Service Area and State of Tennessee**

State/County	2014 Pop. 65+	2016 Pop. 65+	2014 Pop. % 65+	2016 Pop. % 65+	2014-2016 Change
Bedford	5,970	6,273	12.0%	12.2%	5.1%
Coffee	9,283	9,708	16.6%	17.1%	4.6%
Lincoln	5,994	6,266	17.3%	17.9%	4.5%
Service Area	21,247	22,247	15.2%	15.6%	4.7%
Tennessee	931,676	987,074	14.4%	15.0%	5.9%

*Source: Population Estimates and Projections, Tennessee Counties and the State, 2010-2020, Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health.*

**9. Section C, Need Item 4.B.**

**Please discuss the proposed project's impact on TennCare enrollees and the Hispanic population and any other particular groups that may benefit from the proposed project.**

**Response:** We have quite a number of patients that come from surrounding counties due to limited number of ENT physicians in the area that take TennCare patients. Further, we also have a very large Hispanic population in the area, so two of our ENT clinic staff members are available to translate when there is a need. We have maintained interpreters at our clinic for years.

Our clinic is located very close to the site of the "old" hospital in downtown Shelbyville. This is in an area with low income housing, and many of our patients simply do not have the economic resources to travel to the current hospital for care. The current hospital relocated a few years ago, and its site is equidistant from Shelbyville and the Rutherford County line. In effect, the "new" hospital is closer to Murfreesboro than many Bedford County residents. As a result, the hospital is not as accessible to most of our patients, and to most low-income patients, in Bedford County. We take care of these low-income patients.

**10. Section C, Need Item 5**

**Please complete the following tables:**

Facility/Specialty	ENT	Laser	Cosmetic	Ophthalmology	Orthopedic	Podiatry	Other	Facility Total
<b>Ctr. for ENT, Laser, Cosmetic</b>								
2009 Patients	383	0	0	0	0	0	0	383
2010 Patients	400	0	0	0	0	0	0	400
2011 Patients	374	0	0	0	0	0	0	374
'09-'11 % Change	-2.3%	0%	0%	0%	0%	0%	0%	-2.3%
% Facility Total (2011)	37.7%	0%	0%	0%	0%	0%	0%	5.4%
% of GfG* (2011)								23.4%
<b>Ctr. for Day Surgery</b>								
2009 Patients	581	0	124	438	0	0	0	1,143
2010 Patients	650	0	100	419	0	0	2	1,081
2011 Patients	619	0	96	478	0	0	0	1,193
'09-'11 % Change	6.5%	0%	-22.6%	9.1%	0%	0%	0%	4.4%
% Facility Total (2011)	62.3%	0%	100%	26.8%	0%	0%	0%	17.2%
% of GfG* (2011)								149.1%
<b>Crown Surgery Ctr.</b>								
2009 Patients	0	0	0	0	0	0	577	577
2010 Patients	0	0	0	0	0	0	350	350
2011 Patients	0	0	0	0	0	0	274	274
'09-'11 % Change	0%	0%	0%	0%	0%	0%	-52.5%	-52.5%
% Facility Total (2011)	0%	0%	0%	0%	0%	0%	7.7%	4.0%
% of GfG* (2011)								8.6%
<b>Tulahoma Surgery Ctr.</b>								
2009 Patients	0	0	0	1,202	307	0	4,525	6,034
2010 Patients	0	0	0	1,111	301	0	4,082	5,494
2011 Patients	0	0	0	1,307	422	59	3,291	5,079
'09-'11 % Change	0%	0%	0%	8.7%	37.5%	0%	-27.3%	-15.8%
% Facility Total (2011)	0%	0%	0%	73.2%	100%	100%	92.3%	73.4%
% of GfG* (2011)								211.6%

\*Calculated as follows: (Cases / (800 X # of Operating and Procedure Rooms)) X 100%. GfG stands for Guidelines for Growth utilization standard of 800 cases per operating/procedure room

<b>Hospital</b>	<b>'09 Outpt Encounters</b>	<b>'10 Outpt Encounters</b>	<b>'11 Outpt Encounters</b>	<b>'09-'11 % Change</b>
Heritage Medical Ctr.	1,550	1,738	2,349	51.6%
Harton Regional Medical Ctr.	4,050	4,525	5,816	43.6%
Medical Ctr. of Manchester	720	493	492	-31.7%
United Regional Medical Ctr.	0	1,328	533	0.0%
Lincoln Medical Ctr.	895	719	770	-14.0%

**Response:** The charts above are completed. United Regional Medical Center's percent of change from 2009 to 2011 cannot be computed.

**11. Section C, Need Item 6**

Facility/Specialty	ENT	Laser	Cosmetic	Ophthalmology	Orthopedic	Podiatry	Other	Facility Total
Center for ENT, Laser, Cosmetic								
Year 1 Patients	342				248	12		602
Year 2 Patients	358				270	18		646
% Facility Total (Year 2)	55.4				41.8	2.8		100.0
% of GfG* (Year 2)								80.8

**Response:** The above chart is completed. Note that podiatry anticipates performing two procedures per patient. Therefore, the number of podiatry patients will be one-half the number of procedures noted elsewhere (Year 1, 12 patients = 24 procedures; Year 2, 18 patients = 36 procedures). Orthopedic anticipates one procedure per patient, and ENT anticipates multiple procedures per patient.

Finally, the 80.8% figure represents 646 patients, as compared to the 800 procedures called for in the Guidelines for Growth.



**12. Section C. Economic Feasibility Item 2 (Funding)**

**According to the applicant's unaudited balance sheet of June 30, 2012, the applicant facility reported cash available under current assets as \$53,112.75. The estimated cost of the proposed project is \$93,000.**

**Response:** Please see attached letter.

**Please provide a letter from the applicant's accountant or banker attesting to the fact that the applicant has the funds available to cover the proposed project's \$93,000 cost.**

**Response:** Please see attached letter (*Supplemental C.EF.2*).

**13. Section C. Economic Feasibility Item 4 (Historical Data Chart)**

**The gross revenue should have most likely been placed in the “Outpatient Services” line.**

**Please make the necessary corrections and submit a revised Historical Data Chart.**

**Response:** Please see revised Historical Data Chart page 32-R

**14. Section C. Economic Feasibility Item 4 (Projected Data Chart)**

**The gross revenue should have most likely been placed in the “Outpatient Services” line.**

**Please make the necessary corrections and submit a revised Projected Data Chart.**

**Response:** Please see revised Projected Data Chart page 33-R

**15. Section C. Economic Feasibility Item 4 (Other Expenses)**

**There appears to be some minor calculation errors in the 2009 and 2011 columns of this chart. Please make the necessary corrections and submit a revised "Other Expenses" Chart.**

**Response:** Please see revised "Other Expenses" Chart page 34-R

**16. Section C. Contribution to Orderly Development Item 1.**

**Please provide copies of the transfer agreements with the hospitals.**

**Response:** Please see attached transfer agreements. Note that the hospital was known as Bedford County Medical Center at that time, and that our center was known as Shelbyville Surgery Center at that time. The name changes do not affect these agreements.

**17. Section C. Contribution to Orderly Development Item 3.**

**According to the 2011 JAR the applicant facility has one Board certified anesthesiologist on staff. Will this physician be providing anesthesiology services to orthopedists and podiatrists as well?**

**Response: Yes.**

**November 26, 2012**

DUNCAN, WHEELER

**03:10pm**

& WILKERSON, P.C.

*Certified Public Accountants*

DW&W  
2012 NOV 27 PM 3 15

November 26, 2012

Melanie Hill, Executive Director  
Health Service and Development Agency  
500 Deaderick Street  
Nashville, TN 37243

RE: The Center for ENT, Laser and Cosmetic Surgery  
FEIN # 62-1765762  
CON Section C, Economic Feasibility Item 2 (Funding)

Dear Ms. Hill,

The funding in the amount of \$93,000 for the above referenced CON Project to add orthopedics and podiatry services will be obtained from other sources, including companies which are owned or controlled by Dr. Domenic C. Canonico.

Should you need further information, please contact me at any time.

Sincerely,



Robert M. Duncan, Jr., CPA

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency.  
The fiscal year begins in January (month).

Response:

2012 NOV 27 PM 3 15

	<u>2011</u>	<u>2010</u>	<u>2009</u>
A. Utilization/Occupancy Rate (Patients)	<u>330</u>	<u>394</u>	<u>413</u>
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services	<u>1,589,405</u>	<u>2,241,164</u>	<u>2,182,067</u>
3. Emergency Services			
4. Other Operating Revenue (Specify) <u>A/R Change</u>	<u>78,621</u>	<u>49,542</u>	<u>(12,870)</u>
<b>Gross Operating Revenue</b>	<b><u>1,668,026</u></b>	<b><u>2,290,706</u></b>	<b><u>2,169,197</u></b>
C. Deductions from Operating Revenue			
1. Contractual Adjustments	<u>1,143,768</u>	<u>1,587,176</u>	<u>1,485,264</u>
2. Provision for Charity Care	<u>6,521</u>	<u>6,597</u>	<u>17,176</u>
3. Provision for Bad Debt	<u>18,491</u>	<u>21,922</u>	<u>3,215</u>
<b>Total Deductions</b>	<b><u>1,168,780</u></b>	<b><u>1,615,695</u></b>	<b><u>1,505,655</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>499,246</u></b>	<b><u>675,011</u></b>	<b><u>663,542</u></b>
D. Operating Expenses			
1. Salaries and Wages	<u>114,522</u>	<u>123,693</u>	<u>122,738</u>
2. Physician's Salaries and Wages			
3. Supplies	<u>71,576</u>	<u>64,974</u>	<u>75,718</u>
4. Taxes	<u>1,380</u>	<u>4,222</u>	<u>3,029</u>
5. Depreciation	<u>18,150</u>	<u>414</u>	<u>4,227</u>
6. Rent	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
7. Interest, other than Capital			
8. Management Fees:			
a. Fees to Affiliates			
b. Fees to Non-Affiliates			
9. Other Expenses (Specify) <u>see attached chart</u>	<u>206,750</u>	<u>305,278</u>	<u>307,438</u>
<b>Total Operating Expenses</b>	<b><u>532,378</u></b>	<b><u>618,581</u></b>	<b><u>633,150</u></b>
E. Other Revenue (Expenses)-Net (Specify) _____			
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>(33,132)</u></b>	<b><u>56,430</u></b>	<b><u>30,392</u></b>
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
<b>Total Capital Expenditure</b>			
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b><u>(33,132)</u></b>	<b><u>56,430</u></b>	<b><u>30,392</u></b>



## PROJECTED DATA CHART

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November 26, 2012

Give information for the two (2) years following the completion of this project. The fiscal year begins in  
January (month). 03:10pm

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	Year 1	Year 2
A. Utilization/Occupancy Rate (Patients)	602	646
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	2,306,587	2,424,740
3. Emergency Services		
4. Other Operating Revenue (Specify) _____		
<b>Gross Operating Revenue</b>	<b>2,306,587</b>	<b>2,424,740</b>
C. Deductions from Operating Revenue		
1. Contractual Adjustments	1,499,282	1,576,081
2. Provision for Charity Care		
3. Provision for Bad Debt	46,132	48,495
<b>Total Deductions</b>	<b>1,545,414</b>	<b>1,624,576</b>
<b>NET OPERATING REVENUE</b>	<b>761,173</b>	<b>800,164</b>
D. Operating Expenses		
1. Salaries and Wages	175,396	180,000
2. Physician's Salaries and Wages		
3. Supplies	208,000	215,000
4. Taxes	4,400	4,400
5. Depreciation	13,193	20,187
6. Rent	120,000	120,000
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) <u>see attached chart</u>	230,518	237,440
<b>Total Operating Expenses</b>	<b>751,507</b>	<b>777,027</b>
E. Other Revenue (Expenses)-Net (Specify)	0	0
<b>NET OPERATING INCOME (LOSS)</b>	<b>9,666</b>	<b>23,137</b>
F. Capital Expenditures		
1. Retirement of Principal		
2. Interest (on Letter of Credit)		
<b>Total Capital Expenditure</b>		
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b>9,666</b>	<b>23,137</b>

## OTHER EXPENSES

Other Expenses	2011	2010	2009	Yr-1	Yr-2
Utilities	26,645	28,754	29,163	28,000	29,000
Linen	15,207	17,685	13,638	24,000	24,000
Maintenance Contracts	9,719	7,645	9,420	12,000	12,000
Billing Contract	61,518	173,304	166,477	92,263	96,990
Insurance – Property	2,761	2,761	2,761	2,555	2,750
Insurance – Professional	8,370	4,662	8,445	4,200	4,200
Repairs & Maintenance	34,493	13,694	23,395	26,000	28,000
Legal/Prof/Accounting	7,186	7,242	16,506	10,000	10,000
Advertising	1,356	1,175	772	1,500	2,000
Continuing Education	11,993	3,465	5,110	5,000	3,500
Cleaning Service	2,900	3,200	3,700	4,000	4,000
Outside Services	18,267	3,439	19,061	14,000	14,000
Travel/Meals	3,937	2,018	2,410	5,000	5,000
Dues/Subscriptions	2,318	1,184	552	2,000	2,000
Miscellaneous	0	35,050	6,058	0	0
<b>TOTAL (line D.9)</b>	<b>206,670</b>	<b>305,278</b>	<b>301,410</b>	<b>230,518</b>	<b>237,440</b>

### **Transfer Agreement**

This Agreement is made and effective as of March 22, 2006 between Middle Tennessee Medical Center (Hospital), located in Murfreesboro, TN and The Center for ENT, Laser & Cosmetic Surgery, LLC, (Center) located in Shelbyville, TN.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Hospital and Center agree as follows

1. When a patient's physician determines the patient's need for transfer from the Center to the Hospital, the Hospital agrees to admit the patient as a patient to the Hospital as promptly as possible, provided all conditions of eligibility are met.
2. It is the responsibility of the Center to arrange for patient transfer from the Center to the Hospital emergency room or other designated location.
3. Hospital agrees to provide emergency services to patients of Center, according to its current rules and regulations.
4. Neither party by virtue of this Agreement assumes any liability for any debts or obligations of either a financial or legal nature incurred by the other party to this Agreement.
5. Hospital shall bear no responsibility for care or treatment of any patient admitted to the Center, nor shall Center bear responsibility for care or treatment of any patient admitted to Hospital.
6. Neither party shall be held responsible for payment for services rendered to a patient at or on behalf of their facility.
7. This Agreement may be terminated by either party upon thirty days written notice. This Agreement shall be automatically terminated should the other party fail to maintain its licensure or certification.
8. Hospital and Center agree that all medical records of patients undergoing transfer shall be treated as confidential so as to comply with all state and federal laws, rules and regulations regarding the confidentiality of patient records. In addition, each party shall maintain the confidentiality of patient identifiable information and shall not disclose such information to third parties unless disclosure is agreed upon by both parties and consented to by the patient or responsible person, or otherwise required by law. In the event that the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") or regulations promulgated pursuant to HIPAA shall require specific language to be inserted in this Agreement, the

pursuant to HIPAA shall require specific language to be inserted in this Agreement, the parties hereby agree that this Agreement shall be deemed amended to the extent required by such regulations on the effective date of such regulations.

9. Hospital has in place a Corporate Responsibility Plan, which has as its goal to ensure that Hospital complies with federal, state and local laws and regulations. The plan focuses on risk management, the promotion of good corporate citizenship, including a commitment to uphold a high standard of ethical and legal business practices, and the prevention of misconduct. The Center acknowledges Hospital's commitment to corporate responsibility and agrees to conduct its business transactions under this Agreement in accordance with the principles of good corporate citizenship and a high standard of ethical and legal business practices.

10. Hospital is a member of the Ascension Health System and the operation of Hospital in accordance with the Ethical and Religious Directives for Catholic Health Care Services and the principles and beliefs of the Roman Catholic Church is a matter of conscience to the Hospital. It is the intent and agreement of the parties that the performance of this Agreement shall not require Hospital to violate said Ethical and Religious Directives in its operation and the Hospital's obligations under this Agreement must be interpreted in a manner that is consistent with said Ethical and Religious Directives.

Hospital: Middle Tennessee Medical Center

By: [Signature]

Its: VPMA MTC

Print Name: William A. Brown MD

Center: The Center for ENT, Laser, & Cosmetic Surgery, LLC

By: [Signature]

Its:

Print Name: D.M. (inscribed)

## EMERGENCY TRANSFER AGREEMENT

The (FACILITY) Shelbyville Surgery Center referred to as Facility) and The Bedford County Medical Center agree that in the event of an emergency at the Facility when transfer to the Hospital is deemed necessary by the attending physician, the following responsibilities will be accepted by both parties.

1. Neither party will discriminate against patients on the basis of race, color, creed, national origin or ability to pay.
2. Each party will inform the other as to changes in policy, procedure or protocol which may influence patient care activities.
3. both parties desire to cooperate in a plan to furnish high quality , comprehensive, safe care to patients seeking their services.

## Responsibilities of the Hospital:

1. To provide hospital services subject to availability of appropriate resources such as bed space, available operating suites, and adequate staff.
2. To ensure proper care of patients in accordance with Hospital and Medical Staff rules, regulations and policies.
3. To provide all nursing care, as well as documentation of care and maintenance of medical records, as required by law.

## Responsibilities of the Facility:

1. To secure clearance from the Hospital's admitting department or emergency room prior to the transfer and to supply pertinent information as to the patient's condition, expected time of arrival and mode of transport.
2. To arrange for patient's transportation to the hospital.
3. To supply copies of all of the patient's medical records and information at the time of transfer.
4. To ensure that proper criteria are met for patient eligibility, selection and care at the Facility.
5. To ensure that a policy is implemented requiring physicians at the Facility maintain admitting privileges at this Hospital.

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## EMERGENCY TRANSFER AGREEMENT

PAGE 2

6. To utilize proper administrative channels for suggestions, complaints and changes as they relate to patient care.

7. To provide or be responsible to arrange appropriate physician services after the admission. It shall not be the responsibility of the Hospital to secure the services of an attending physician.

This transfer agreement will remain in effect until either party wishes to terminate it by notifying the other party, in writing, thirty days prior to the desire termination date.

Approved:

FACILITY The Shelbyville  
Surgery CenterHOSPITAL Bedford County Medical  
Center

By

Deirdre [Signature]  
Title President Date 4/14/99

By

Gertie [Signature]  
Title Assoc. Dir. Date 5/20/99



**SUPPLEMENTAL- # 1**

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**EMERGENCY TRANSFER AGREEMENT**

PAGE 3

This Emergency Transfer Agreement (referred to as "Agreement") is made and entered into as of this 7 day of April, 1999, by and between (FACILITY) The Shelbyville Surgery Center (referred to as Facility) and Bedford County Medical Center Hospital (referred to as Hospital).

**RECITALS**

Whereas, (FACILITY) The Shelbyville Surgery Center is an ambulatory surgical center located in (CITY/STATE) Shelbyville, TN; and

Whereas, Hospital provides specialized facilities and patient care services, including emergency Medical services, not available at the Facility;

Now Therefore, for and in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

**RESPONSIBILITIES OF FACILITY**

Facility agrees to ensure that proper criteria are met for patient eligibility, selection and care at Hospital and to ensure that a Facility policy is implemented requiring physicians at Facility to maintain admitting privileges at Hospital.

**RESPONSIBILITIES OF HOSPITAL**

Hospital agrees that it will provide emergency care for patients when such care is required in the judgment of the patient's treating physician provided, however, it is understood that availability of beds and other factors may place limitations on transfers and that this Agreement does not guarantee acceptance of all patients requiring transfer should the Hospital not be able to accept such transfer.

Should a patient request to be transferred to another hospital, the patient's wishes shall be accepted except where such acceptance would be detrimental to the patient. Any such case will be handled depending on its facts and after consultation between the parties hereto.

**CHARGES FOR SERVICES**

Neither party shall assume payment for any costs or charges incident to any services provided to the patient by the other party. It is understood that all services rendered, charges and costs incurred pursuant to this Agreement shall be the responsibility of the patient, the patient's third party payer.

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**EMERGENCY TRANSFER AGREEMENT**

PAGE 4

**RESPONSIBILITY FOR INSURANCE**

Each party shall, throughout the term of this Agreement, maintain comprehensive general liability insurance and professional liability (malpractice insurance or self-insurance coverage to cover its activities under this Agreement and, upon request of the other, provide to the other party evidence of such coverage.

**INDEPENDENT RELATIONSHIP**

Each party hereto is acting as an independent contractor, and neither shall be responsible for the acts of the other nor be the agent of the other, nor shall either party have the right to direct the manner and method of the performance of services by the other. Further, each party shall have full responsibility for the acts of its own employees and agents.

**TERM**

This Agreement shall be effective upon its signing and shall continue from year to year thereafter except that either party hereto may terminate this Agreement with or without cause upon sixty days prior written notice to the other party at any time. In addition, either party may terminate immediately upon a breach by the other party of any term of the Agreement or upon the revocation or suspension of the other party's license to operate.

**DISAGREEMENTS**

Should any disagreements or problems arise under this Agreement, the parties agree that such matters shall first be referred to and discussed by the appropriate administrative persons as from time to time designated by each party. In addition, the parties will work cooperatively to arrange for the smoothness of transfer and the exchange of information deemed appropriate in connection with the transfers hereunder.

**NON-DISCRIMINATION**

Each party will comply with all civil rights laws and agrees that it will not discriminate against any patient based upon race, color, creed, sex, national origin, age, veteran's status or disability.

**AFFILIATION WITH OTHER FACILITIES**

Nothing in this Agreement shall be construed as limiting the right of either party to affiliate or contract with any other entity operating a



## SUPPLEMENTAL- # 1

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## EMERGENCY TRANSFER AGREEMENT

PAGE 5

hospital or other healthcare facility on either a limited or general basis while this Agreement is in effect.

## ASSIGNMENT

This Agreement, and the rights of the parties hereunder, may not be assigned by either party, without the prior written consent of the other party.

## MODIFICATION OF AGREEMENT

This Agreement contains the entire understanding of the parties and shall not be modified except by an instrument in writing signed by authorized representatives from Hospital and Facility.

In Witness Whereof, the Hospital and Facility have executed this Agreement as of the day and year first above written.

FACILITY The Shelbyville  
Surgery Center

By



Title

President

Date

4/14/99

HOSPITAL Bedford County  
Medical Center

By



Title

Assoc.

Date

5/20/99D.O.

**ORIGINAL-**

**SUPPLEMENTAL-2**

**The Center for ENT, laser,  
& Cosmetic Surgery**

**CN1210-054**

SUPPLEMENTAL

**WEEKS & ANDERSON**

*An Association of Attorneys*

**2021 RICHARD JONES ROAD, SUITE 350**

**NASHVILLE, TENNESSEE 37215-2874**

**TELEPHONE 615/383-3332**

**FACSIMILE 615/383-3480**

2874 NOV 29 AM 10:48

KENT M. WEEKS  
ROBERT A. ANDERSON

F. B. MURPHY, JR.  
E. GRAHAM BAKER, JR.

DIRECT TELEPHONE NUMBER: 615/370-3380

November 29, 2012


Mark A. Farber  
Assistant Executive Director  
Tennessee Health Services & Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

RE: Supplemental Information: Certificate of Need Application CN1210-054  
The Center for ENT, Laser, & Cosmetic Surgery

Dear : Mark:

Enclosed are three (3) copies of responses to your second supplemental questions regarding the referenced Certificate of Need application. If you have any additional questions, please contact me.

Sincerely,

  
E. Graham Baker, Jr.  
/np

Enclosures as noted

AFFIDAVIT

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STATE OF TENNESSEE  
COUNTY OF DAVIDSON

NAME OF FACILITY: The Center for ENT, Laser, & Cosmetic Surgery (CN1210-054)

I, E. Graham Baker, Jr., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge, information and belief.

E. Graham Baker, Jr. Attorney at Law  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this 29<sup>th</sup> day of November, 2012; witness my hand at office in the County of Davidson, State of Tennessee.

Nadean E. Poteet  
NOTARY PUBLIC  
My Commission expires May 6, 2013



SUPPLEMENTAL

1. Section C, Need Item 5

**It appears that the applicant misinterpreted the intent of the “%Facility Total (2011)” rows. The information provided is actually a “%Specialty Total”. A “% Facility Total” would identify the percentage of total facility volume that each specialty represents. For example in 2011 the % Facility Total that ENT represents is 100%. Please make the appropriate changes to the chart below:**

Facility/Specialty	ENT	Laser	Cosmetic	Ophthalmology	Orthopedic	Podiatry	Other	Facility Total
<b>Center for ENT, Laser, Cosmetic</b>								
2009 Patients	383	0	0	0	0	0	0	383
2010 Patients	400	0	0	0	0	0	0	400
2011 Patients	374	0	0	0	0	0	0	374
'09-'11 % Change	-2.3%	0	0	0	0	0	0	-2.3%
% Specialty Tot (2011)	37.7%	0	0	0	0	0	0	5.4%
% Facility Tot (2011)	100%							100%
% of GfG* (2011)								23.4%
<b>Center for Day Surgery</b>								
2009 Patients	581	0	124	438	0	0	0	1,143
2010 Patients	650	0	100	419	0	0	2	1,081
2011 Patients	619	0	96	478	0	0	0	1,193
'09-'11 % Change	6.5%	0%	-22.6%	9.1%	0%	0%	0%	4.4%
% Specialty Tot (2011)	62.3%	0%	100%	26.8%	0%	0%	0%	17.2%
% Facility Tot (2011)	51.8%		8.1%	40.1%				100%
% of GfG* (2011)								149.1%
<b>Crown Surgery Center</b>								
2009 Patients	0	0	0	0	0	0	577	577
2010 Patients	0	0	0	0	0	0	350	350
2011 Patients	0	0	0	0	0	0	274	274
'09-'11 % Change	0%	0%	0%	0%	0%	0%	-52.5%	-52.5%
% Specialty Tot (2011)	0%	0%	0%	0%	0%	0%	7.7%	4.0%
% Facility Total (2011)							100%	100%
% of GfG* (2011)								8.6%
<b>Tullahoma Surgery Center</b>								
2009 Patients	0	0	0	1,202	307	0	4,525	6,034
2010 Patients	0	0	0	1,111	301	0	4,082	5,494
2011 Patients	0	0	0	1,307	422	59	3,291	5,079
'09-'11 % Change	0%	0%	0%	8.7%	37.5%	0%	-27.3%	-15.8%
% Specialty Tot (2011)	0%	0%	0%	73.2%	100%	100%	92.3%	73.4%
% Facility Total (2011)				25.7%	8.3%	1.2%	64.8%	100%
% of GfG* (2011)								211.6%

\*Calculated as follows: (Cases / (800 X # of Operating and Procedure Rooms)) X 100%. GfG stands for Guidelines for Growth utilization standard of 800 cases per operating/procedure room

**Response:** The above chart is completed.

**2. Section C, Need Item 6**

**Your response to this item is noted. When does the applicant expect to reach the 800 case/room utilization standard?**

**Response:** The Applicant anticipates reaching the 800 standard by the third year following approval.

**3. Section C. Economic Feasibility Item 4 (Other Expenses)**

**The 2009 total for “Other Expenses” does not match the “Other Expenses” in the revised Historical Data Chart. Please make the necessary corrections in either the “Other Expenses” Chart or the Historical Data Chart.**

**Response:** The “Other Expenses” chart has been revised. Please note that the 2011 total did not match, either, but it has been corrected with this submission. See Replacement Page 34-R.



## OTHER EXPENSES

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Other Expenses	2011	2010	2009	Yr-1	Yr-2
Utilities	26,645	28,754	29,163	28,000	29,000
Linen	15,207	17,685	13,638	24,000	24,000
Maintenance Contracts	9,719	7,645	9,420	12,000	12,000
Billing Contract	61,518	173,304	166,477	92,263	96,990
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Outside Services	18,267	3,439	19,061	14,000	14,000
Travel/Meals	3,937	2,018	2,410	5,000	5,000
Dues/Subscriptions	2,318	1,184	552	2,000	2,000
Miscellaneous	80	35,050	6,058	0	0
<b>TOTAL (line D.9)</b>	<b>206,750</b>	<b>305,278</b>	<b>307,438</b>	<b>230,518</b>	<b>237,440</b>